



Report 11

Contents

Directory	1
Profile of the Board of Directors	2
Directors' Disclosures	3
Directors' Report	4
Chairperson's Report	6
Structure of Selwyn Investment Holdings Limited's Investment Portfolio	8
Corporate Governance Statement	9
Investments and Subsidiary Companies	10
Orion New Zealand Limited	11
SICON Limited	13
Selwyn Plantation Board Limited	15
Ferguson Brothers Limited	17
Financial Statements	19
Statement of Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Financial Position	22-23
Approval of Financial Statements	23
Statement of Cash Flows	24-25
Statement of Accounting Policies	26
Notes to the Financial Statements	39
Auditor's Report	70

Directory¹¹

For the Year Ended 30 June 2011

Directors

W J Bell (Chairperson)
S A Leck
J B Morten
M J Taggart
J A Veitch

Chief Executive Officer

J C Bartlema

Company Secretary

J M Wilson

Shareholder

Selwyn District Council - 100% shareholder

Registered Office

2 Norman Kirk Drive
Rolleston

Postal Address

PO Box 2935
Christchurch 8140
Telephone: (03) 366 5601
Facsimile: (03) 366 5608

Accounting and Taxation Consultants

Ernst & Young
PO Box 2091
Christchurch

Auditors

Audit New Zealand
On behalf of the Auditor-General
PO Box 2
Christchurch

Bankers

ANZ Banking Group (New Zealand) Limited
PO Box 220
Christchurch

Solicitors

Cavell Leitch
PO Box 799
Christchurch

Profile of the board of directors

For the Year Ended 30 June 2011



Warren Bell

Director since October 2000 and Chairperson since November 2008. Warren was a partner in the Chartered Accountancy firm of Deloitte (resigned 31 May 2005). He is either a Chairman or Director of several companies throughout New Zealand as listed on page 3.



Murray Taggart

Director since November 2008. Murray is a farmer in North Canterbury and is a Director of a number of companies throughout New Zealand as listed on page 3.



John Morten

Director since February 2008. John is a farmer in Darfield and currently Councillor of Selwyn District Council and the Chairman of EB Milton Charitable Trust as listed on page 3.



Stuart Leck

Director since September 2002. Stuart is a businessman based in Christchurch and is also Chairman and Director of a number of companies throughout New Zealand as listed on page 3.



Jim Veitch

Director since September 2009. Jim is a businessman based in Christchurch and is also Director of a number of companies throughout New Zealand as listed on page 3.



Chief Executive Officer

Arjan Bartlema

Commenced 1 June 2005 as an Investment Manager, appointed Chief Executive Officer 1 July 2007. Arjan has a corporate finance background and has worked for Deloitte Corporate Finance.



Company Secretary

John Wilson

John has been Company Secretary since May 2009 and is active in Company Secretary, Director and Trustee positions. John was a partner in the Chartered Accountancy firm of Deloitte.

Directorsdisclosures

For the Year Ended 30 June 2011

The following Directors have made General and Specific Disclosures:

Director	General Interest	Specific
Warren Bell	Chairman, Warren Bell Limited Chairman, Hallenstein Glasson Holdings Limited & Group Director, Meadow Mushrooms Limited & Group Director, Mushroom Spawn Laboratories Limited & Group Director, Cyprus Enterprises Limited Director, Maling and Co Limited Chairman, St George's Hospital Director, Bildeford Holdings Limited Director, Sabina Limited Director, Golf Links Holdings Limited Director, Timaru District Holdings Limited Director, The Palms Services Limited Director, New Zealand Racing Board Director, Ryman Healthcare Limited Member, Selwyn District Council - Rolleston Industrial Park	Nil
Stuart Leck	Chairman, Ronald McDonald House Director, Armagh Projects Limited Director, Lexson Investments Limited Director, Rosebank Residential Home Limited Director, Rosebank Retirement Village Limited Director, Brannigans Limited & Group Director, Victoria Projects Limited Director, Ferguson Brothers Limited	Nil
John Morten	Councillor, Selwyn District Council Chairman, EB Milton Charitable Trust Director, Selwyn Plantation Board Limited Chairman, Selwyn District Council - Rolleston Industrial Park	Nil
Murray Taggart	Director, Braxton Limited Director, Mossburn Central Limited Director, Mataura Chimneys Limited Director, Southern Farms NZ Limited Director, Solobio Limited Director, Ballance Agri-Nutrients Limited Director, Ballance Agri-Nutrients (Kapuni) Limited Director, CRT Society Limited Director, CRT Finance Limited Director, Alliance Group Limited	Nil
Jim Veitch	Director, Wine Centre Limited Director, Canterbury Wineries Limited Director, Lifestream Limited	Nil



Directors' report

For the Year Ended 30 June 2011

The Directors of Selwyn Investment Holdings Limited have pleasure in presenting the Annual Report together with the audited financial statements for the company's operations during the year ended 30 June 2011.

Company Objectives

Selwyn Investment Holdings Limited is a wholly owned subsidiary of Selwyn District Council.

The company has the following objectives:

- to advise the Council on strategic issues relating to its trading investments including but not limited to ownership structures, capital structures and rates of return.
- to monitor the performance of each investment/asset.
- to encourage and facilitate the investment/asset to increase shareholder value through growth and investment.
- to consider on behalf of the Council and report if material, and at the appropriate time, investment opportunities arising that have the potential to enhance the economic well-being of the region and provide an appropriate return.

Principal Activities

In line with the above objectives the company's principal activities during the year were to operate as an investment holding company of the Selwyn District Council. The group consists of Selwyn Investment Holdings Limited and its subsidiaries SICON Limited, Selwyn Plantation Board Limited, and Ferguson Brothers Limited. SIHL also has a significant investment in Orion New Zealand Limited.

	Parent \$000 \$	Group \$000 \$
Review of Operations		
Surplus before Taxation	9,807	1,051
Income Taxation Benefit / Expense	16	(1,835)
Surplus from Discontinued operation	-	4,343
Surplus after Taxation (for the year ended 30/06/11)	9,823	3,559
Total Comprehensive Income	13,909	6,077
Attributable to:		
Selwyn Investment Holdings Limited	13,909	4,369
Non-controlling Interest	-	1,708
Movement in Equity		
Equity (Opening Balance - 01/07/10)	116,956	147,241
Total Comprehensive Income	13,909	6,077
Less Proposed Distribution or Paid to Shareholder	(3,600)	(3,600)
Realisation of Assets	(7,429)	(10,651)
Equity (Closing Balance - 30/06/11)	119,837	139,102

Company's Affairs

The Directors consider the results for the year and state of the company's affairs to be satisfactory.

Directors' Interests

Parent

Mr S A Leck has declared an interest in all transactions between the company and Ferguson Brothers Limited where he is also a director. The nature of that interest is that he is a shareholder and director of Brannigans Limited. During the period \$650 was paid or payable to Brannigans Limited by Ferguson Brothers Limited. All transactions were completed at arms length and conducted for fair value.

Subsidiaries

Mr G H Clemens has declared an interest in all transactions between SICON Limited and himself in his personal capacity. All transactions were completed at arms length and conducted for fair value.

Mr T M Tattersfield has declared an interest in all transactions between

Ferguson Brothers Limited and himself in his personal capacity. All transactions were completed at arms length and conducted for fair value.

Directors of the company and its subsidiaries have not declared any other interests in transactions with the company or its subsidiaries during the year.

Directors Benefits

No Director of the company or its subsidiaries has received or become entitled to receive a benefit (other than a benefit included in the total emoluments, as shown in the financial statements).

There were no notices from Directors of the company or its subsidiaries requesting to use company information received in their capacity as Directors, which would not otherwise be available to them.

Directors' Insurance

The company has arranged policies for Directors liability insurance, which ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors.

SICON Limited, Selwyn Plantation Board Limited, and Ferguson Brothers Limited have arranged policies of Directors liability insurance, which ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors.

Directors' Board Meetings

	Board Meetings Attended
W J Bell	11/11
S A Leck	11/11
J B Morten	10/11
M J Taggart	11/11
J A Veitch	11/11

Remuneration of Directors

Remuneration paid to Directors of the company and its subsidiaries for services as a Director during the year are as follows:

Selwyn Investment Holdings Limited	\$	SICON Limited	\$	Selwyn Plantation Board Limited	\$	Ferguson Brothers Limited	\$
W J Bell	38,000	G H Clemens	34,000	R S Polson	40,000	T Tattersfield	27,694
J B Morten	24,000	K J Beams	24,000	S L Astor	24,000	S A Leck	14,969
S A Leck	24,000	T Tattersfield	24,000	A Berge	23,000	B J Beagley	3,097
M J Taggart	24,000	R Lauder	24,000	J L Christensen	4,750	PJ Bosworth	14,011
J A Veitch	24,000			J B Morten	19,000	GH Clemens	5,677
	134,000		106,000		110,750		65,448

Remuneration of Employees

The number of employees (not including Directors) of the parent and subsidiaries whose total remuneration and other benefits were above \$100,000 per annum is as follows:

Range	Parent	Group
\$100,000 - \$110,000	-	2
\$110,000 - \$120,000	-	7
\$120,000 - \$150,000	-	-
\$150,000 - \$160,000	-	3
\$160,000 - \$170,000	-	-
\$170,000 - \$180,000	-	2
\$180,000 - \$190,000	-	-
\$190,000 - \$200,000	1	1
\$200,000 - \$220,000	-	1
\$220,000 - \$250,000	-	1
\$250,000 - \$270,000	-	1

Auditors


The Auditor-General is appointed as the company's and its subsidiaries auditor under Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

Other Statutory Requirements

Donations, changes in the accounting policies and auditors remuneration are as contained in the financial statements.

For and on behalf of the Board:


Warren Bell, Director
19 September 2011


Murray Taggart, Director
19 September 2011



Chairperson's report

For the Year Ended 30 June 2011

Introduction

On behalf of the Board I present the Chairperson's Report for Selwyn Investment Holdings Limited (SIHL) and group in its sixteenth year of trading operations.

The parent company has achieved a surplus before impairments and tax of \$10.542 million for the year, compared with \$3.724 million last year. The result includes a \$7.4 million transfer of a portion of the fair value through equity reserve, relating to the partial de-recognition of SIHL's investment in SPBL. SIHL's Total Comprehensive Income was \$13.909 million for the year, compared with \$4.938 million last year. The dividend for the year is \$3.6 million, in line with the target dividend as set out in our Statement of Intent.

The group's Total Comprehensive Income was \$6.077 million, driven mainly by SPBL's Total Comprehensive Income of \$4.3 million, as well as Financial Asset Valuation gains of \$2.5 million. This is a significant improvement on last year's group Total Comprehensive Income, which was a deficit of \$5.338 million driven

mainly by losses on property revaluations in Selwyn Plantation Board Limited.

SIHL's Statement of Financial Position (Parent) has increased from \$117.0 million to \$119.8 million for the year.

The tables below show the movement in SIHL's total equity over the period 2007 to 2011 under IFRS for both the Parent and the Group. In addition SIHL has paid out more than \$22 million in fully imputed dividends over that period.

Group equity includes non-controlling interests of \$19.4 million compared to \$28.4 million in 2010. When non-controlling interests are excluded, group equity relating to SIHL's controlling interest increased from \$118.8 million to \$119.6 million in 2011.

The 2011 results indicate that the Group has had a year of consolidation, with the amalgamation of SICON Limited and KB Irrigation Limited, the improved second-half performance of Ferguson Brothers Limited and the near completion of Selwyn Plantation Board Limited's realisation. All of our companies

have balance sheets which support the valuation of our investments. The company retains a solid balance sheet and given the pending realisation of remaining specific assets, SIHL is well placed to drive improvement in operating performance in the coming year.

Investments and Subsidiary companies

Orion New Zealand Limited

The company produced a surplus after tax of \$28.4 million compared with \$46.8 million last year. This was \$11 million below forecast. The earthquake was the main contributor to this.

The first half of 2010/11 was similar to other years. Orion traded ahead of budget and continued to rank as one of the most efficient networks in New Zealand, meeting all key reliability targets. Orion's year changed radically when the September 2010 7.1 magnitude earthquake struck. This was followed by the 6.3 magnitude earthquake in February which was around 20 times more severe and caused significant damage to Orion's infrastructure. During and following the earthquakes Orion management and staff stood out in terms of leadership. Their commitment to getting the electricity back on for Christchurch and Canterbury is highly regarded and widely appreciated. Previous earthquake strengthening work has significantly reduced the impact, the power cuts and the projected costs of repairing the infrastructure.

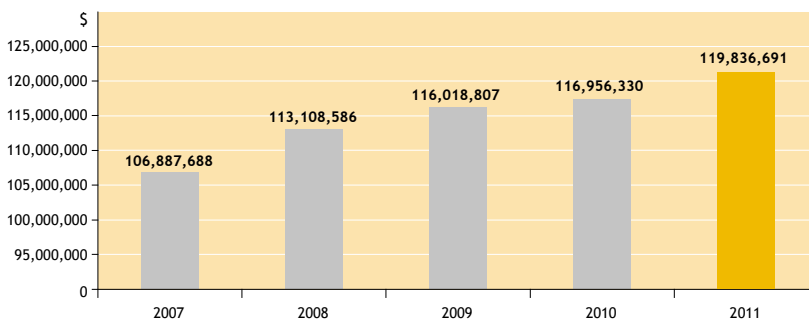
Restoring, strengthening and repairing the network will be the ongoing focus for Orion in the coming years.

Also, Orion remains focused on its core business and will work closely with all stakeholders to seek positive outcomes for the future of the energy industry and Orion's business.

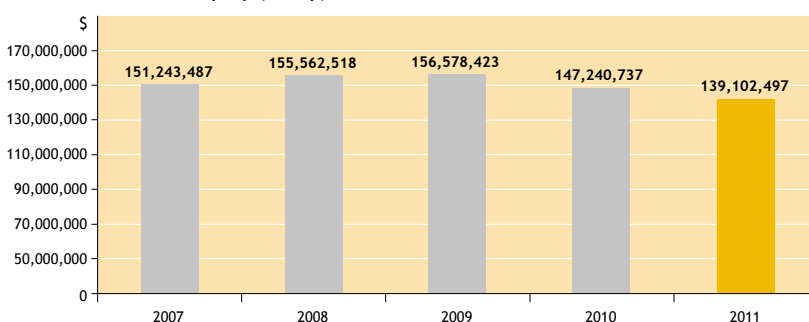
SICON Limited

The sales revenue for the financial year to 30 June 2011 was \$30.6 million compared to \$30.2 million for the year ended 30

SIHL Total Equity (Parent)



SIHL Total Equity (Group)



June 2010. Net deficit before tax was \$1.3 million (2010: \$11k net deficit before tax) compared to a budgeted loss of \$294K. The bulk of the loss (\$1,147k) resides in the South Operation.

The South Branch has had a significant negative impact on the SICON business overall and for the last six months in particular, has been the main area of Executive and Board focus. The Branch has now been restructured into a model that focuses on Parks and Reserves Maintenance Contracts, as well as the NZTA Maintenance Contract.

The directors have also decided, as a pragmatic approach, not to include the deferred tax asset (\$1,302k) in this year's accounts. This results in a deficit after tax of \$2.3 million. We note that these tax assets are not lost but booked against the results, consistent with a conservative approach.

Other than the South Branch, the balance of the SICON business has collectively performed above budget. SICON Rural has performed exceptionally well with minimal levels of capital investment.

With the exception of the Waimakiriri area, SICON has not undertaken any significant earthquake work to date. Discussions are taking place with two lead Alliance Partners, where SICON related work is not expected to start until early 2012. Also discussions are being held with an alliance that specialises in insurance works on damaged properties in Christchurch, which is being aggressively targeted. Considerable effort is being directed towards increasing SICON's presence in the rural market.

Selwyn Plantation Board Limited

The total comprehensive income for the 2011 financial year was a surplus of \$4.3 million. This result includes a forest revaluation increase, a land and building revaluation increment, a reversal of land conversion impairment from previous years and losses / gains on sale of assets and shares. The trading results prior to these provisions, revaluations, gains /

losses on sale of assets, shares and carbon credits, and impairments was a pre-tax profit of \$2.3 million (2010: \$1.8 million). This represents an excellent result from the forest operations on the back of some very good export selling prices.

The company is now close to completing its strategic goals, and with a conditional contract signed in June for the purchase of the forest estate, it now appears likely that the business objectives can be concluded by the end of the current calendar year.

Ferguson Brothers Limited

The operating revenue for the year was \$17.6 million, reflecting a 12% increase compared to \$15.8 million last year. This produced a deficit before tax of \$773k, compared to a deficit before tax of \$2.3 million in the prior year. The negative result is mainly due to one-off costs, including the Pike River write-off (\$607k), losses on disposal of assets, rework from prior periods, and continued high repairs and maintenance costs.

The directors have also decided, as a pragmatic approach, not to include the deferred tax asset (\$834k) in this year's accounts. This results in a deficit after tax of \$1.6 million. We note that these tax assets are not lost but booked against the results, consistent with a conservative approach.

After a difficult first half, a significant improvement in the second half produced an operating surplus of \$1.127 million before interest, loss on disposal, bad debts and tax.

The company maintains a strong position in the West Coast, with the extension of the term maintenance contracts, as well as the local construction market. In addition management are progressing opportunities provided by major capital development projects in the mining and energy sectors, together with potential work from the Christchurch earthquake recovery. Accordingly, the company has budgeted for a positive result for the 2012 year.

SIHL Outlook

While the Christchurch economy has slowed down post the earthquakes, our investments in energy, infrastructure and utility services have provided and will continue to provide a solid core of businesses. The managed realisation of our forestry assets is likely to be concluded in the coming year.

SIHL continues to focus on cost savings within the group. Further consolidation and cost reductions for the SIHL group are anticipated for the coming year with associated changes in resourcing and governance structure.

Capital repayments both to SIHL and from SIHL to the shareholder are scheduled for the coming year.

Appreciation

In conclusion, I would like to record my sincere thanks to my fellow directors, the chief executive and the company secretary for their support and valuable contributions during the year.

Thanks goes to a number of directors who are retiring this year, these being Stuart Leck, Murray Taggart and Jim Veitch who have been directors of Selwyn Investment Holdings Limited, Gerry Clemens who has chaired SICON Ltd for a number of years and has been a director of Ferguson Brothers Ltd, Trevor Tattersfield who has chaired Ferguson Brothers Ltd and was a director on SICON Ltd and Ken Beams who has been a director of SICON Ltd. We also welcome two new directors on the boards of SICON Ltd and Ferguson Brothers Ltd.

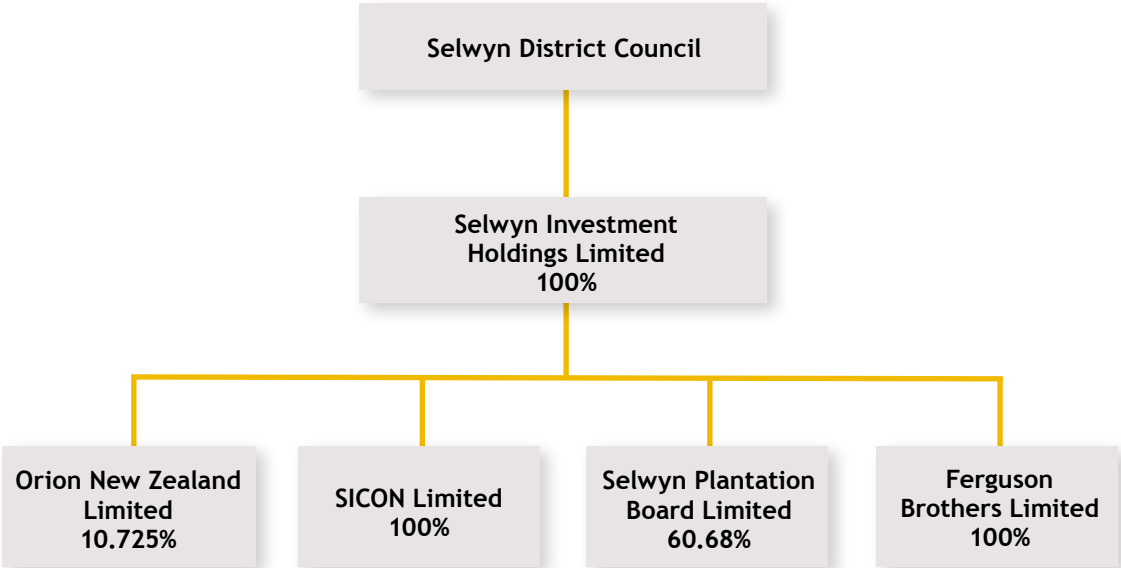


Warren Bell - Chairperson

19 September 2011

Structure of selwyn investment holdings limited's investment portfolio

As at 30 June 2011, the Selwyn Investment Holdings Limited trading investment portfolio can be shown as follows:



Corporate governance **statement**

This statement gives an overview of the company's main corporate governance policies, practices and processes adopted by SIHL Board of Directors.

Role of Board of Directors

The Board is responsible for the proper direction and control of the company's activities. The Board guides and monitors the business and affairs of SIHL on behalf of the Shareholder, Selwyn District Council (the Council), to whom it is accountable, and within the mission statement and objectives that are set out in the Statement of Intent (SOI) and Investment Guidelines.

Responsibility to Shareholder

The company submits a draft SOI for the forthcoming financial year to the Council. The SOI sets out the company's objectives, financial and performance targets, which are approved by the Council.

The Board ensures the Council is informed of all major developments and transactions affecting the company while recognising that commercial sensitivity of certain information cannot be made available to them. The Board reports, subject to confidentiality agreements, quarterly to the Council and provides to the Council the annual report and half-yearly report.

The Board recommends to the Council the appointment of Directors to subsidiary companies and the adoption of SOI's. These matters are required by the SIHL constitution to be ratified by the Council.

Board Composition and Fees

The Board comprises five Directors (of whom one is a Councillor) who are appointed external to the Council. All Directors are required to retire by rotation at the end of their term (normally three years) and being eligible offer themselves for re-election at the annual general meeting of the company.

Fees for the Board of SIHL are set annually with triennial independent reviews undertaken for SIHL, based on commercial rates. SIHL engages an independent specialist to provide the commercial rates specifically for the company.

Board Committee

SIHL has established an audit and risk committee, chaired by Murray Taggart from July 1 2009, whose responsibilities include reviewing the company's accounting policies, reporting practices and resultant financial statements. The committee also considers external audit reports, audit appointments, audit relationship matters and fees.

Subsidiary and Monitored Companies

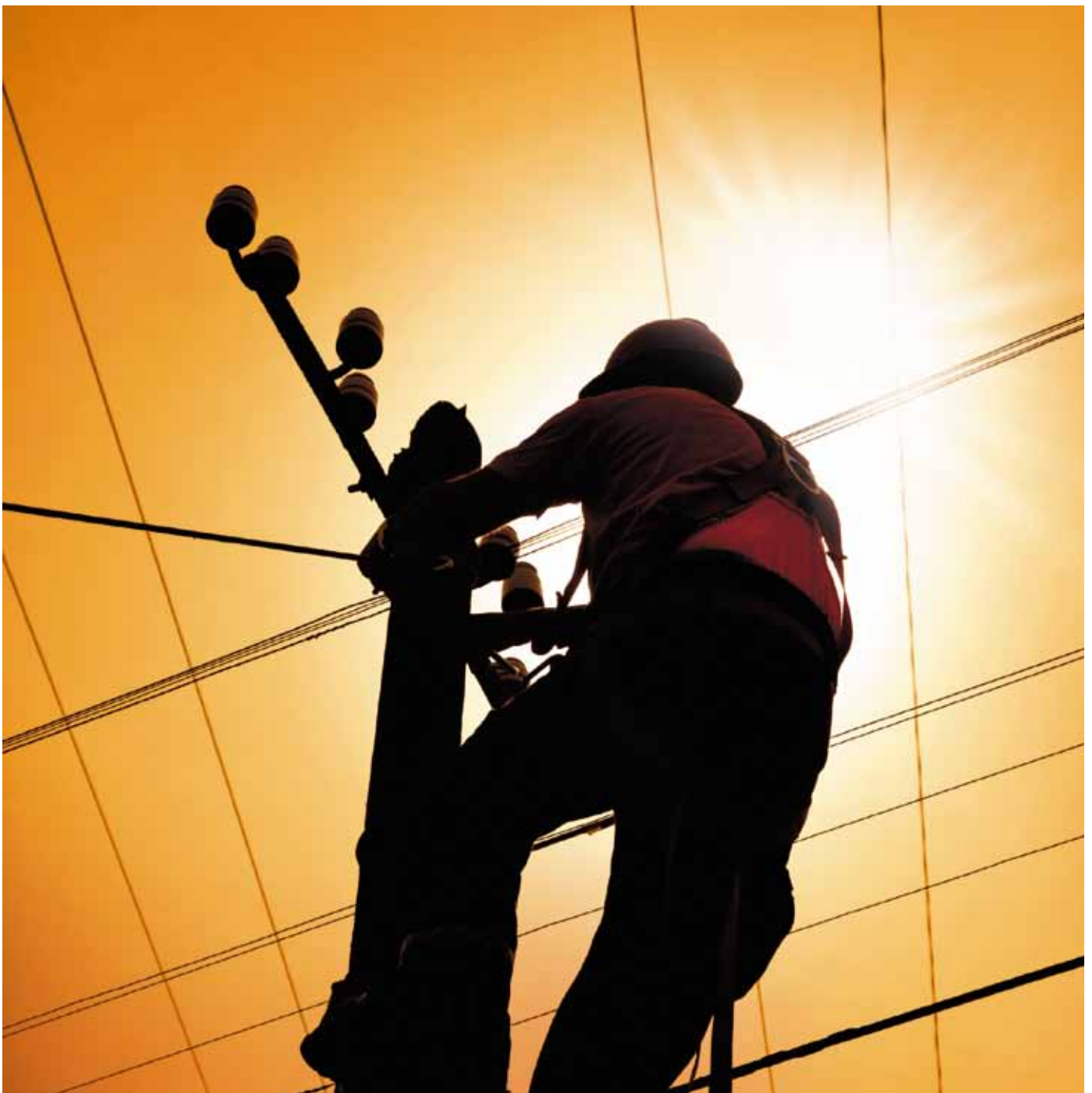
Each company submits a draft SOI, which is initially evaluated by SIHL. SIHL reviews the SOI, suggests any changes that may be considered necessary and forwards the SOI to the Council for final ratification.

The representatives of the subsidiary Board's and management meet with SIHL quarterly to discuss the company's strategic direction and any other significant issues that arise. SIHL also receives such other reports that are necessary to perform its monitoring function.

Board Appointments

All Directors of the parent (SIHL) and subsidiary companies (including any Councillor Directors) are selected for their commercial expertise and aptitude in accordance with the Council appointment policy approved in June 2003.

Investments and subsidiary companies





Orion New Zealand **limited**

(10.725% Shareholding)

The company produced a surplus after tax of \$28.4 million compared with \$46.8 million last year. This was \$11 million below forecast.

The first half of 2010/11 was similar to other years. Orion traded ahead of budget and continued to rank as one of the most efficient networks in New Zealand, meeting all key reliability targets. Orion's year changed radically from September 2010 when the 7.1 magnitude earthquake centred near Darfield damaged buildings and infrastructure, leaving more than 150,000 customers without power.

This was followed by the 6.3 magnitude earthquake in February 2011 which was around 20 times more severe and caused significant damage to Orion's infrastructure. During and following the earthquakes Orion management and staff stood out in terms of leadership. Their commitment to getting the electricity back on for Christchurch and Caterbury is highly regarded and widely appreciated.

Operations

Key post-earthquake performance included:

- Restoration of power to 90% of customers by nightfall on 4 September 2010;

- Restoration of power to 90% of customers within 10 days of the 6.3 magnitude earthquake in February;
- Built a new 2.5 kilometre, 66,000 volt (66kV), temporary overhead line in five days to provide power to 20,000 customers after the 66kV underground cables supplying New Brighton and Dallington were seriously damaged by the February quake. This project would normally take six weeks;
- Repaired more than 600 quake-related underground cable faults within three months - more faults than usually occur in a decade; and
- Kept hundreds of Orion employees and contractors safe as they worked to rebuild the power network in difficult conditions.

Looking Ahead

The existing regulatory framework is largely designed for times of modest change. Change in Canterbury this year has been anything but modest. The ongoing seismic events bring challenges that require a flexible and pragmatic regulatory approach to encourage investment in

essential infrastructure. In the months ahead Orion will work constructively with relevant authorities to develop a thorough understanding of the investment necessary to support the rebuild of Christchurch, as well as engaging with engage regulators to develop positive and practical solutions to the challenges ahead.

Restoring, repairing and strengthening will be the ongoing focus for Orion in the coming years.

Orion remains focused on its core business and will work closely with all stakeholders to seek positive outcomes for the future of the energy industry and Orion's business.

Investments and subsidiary companies





SICONlimited

(100% Shareholding))

Financial Performance

The sales revenue for the financial year to 30 June 2010 was \$30.6 million compared to \$30.2 million for the year ended 30 June 2009. Net deficit before tax was \$1.3 million (2010: \$11k net deficit before tax) compared to a budgeted loss of \$294K. The bulk of the loss (\$1,147k) resides in the South Operation.

The main factors influencing this result were primarily rework, redundancy costs, recruitment costs and contract losses.

Operations

The Tasman Branch now primarily carries out Parks, Reserves and Landscape activities, and is being successfully managed as a sub-business to the North Branch, with a vast improvement in financial performance when compared to previous years.

The North Branch has exceeded budget for both sales revenue and gross profit and was successful in retaining the Waimakariri Roding Maintenance Contract.

The Central Branch has performed to sales revenue budget for the year, but has struggled in a continuing extremely competitive environment to meet its budgeted gross margin.

The South Branch has had a significant negative impact on the SICON business overall and for the last six months in particular, has been the main area of Executive and Board focus. The Branch has now been restructured into a model that focuses on Parks and Reserves Maintenance Contracts, as well as the NZTA Maintenance Contract.

SICON Rural has performed exceptionally well with minimal levels of capital investment. The focus is on pipeline type activities where SICON can provide value add and consulting services.

SICON has successfully retained its ISO 9001:2008 Quality Systems, ISO 14001 for Environmental Systems and its NZS 4801 for Health and Safety.

During the financial year approximately 70 capital items were disposed of, with over 30 items of appropriate equipment purchased.

SICON's financial systems and centralised creditors function are performing in line with expectations and its electronic capture system is enabling an improved and focused control of expenditure.

Looking Ahead

Other than the South Branch, the balance of the SICON business has collectively performed above budget. The SICON Executive is committed to continuing this performance and there remains a good attitude throughout the company.

With the exception of the Waimakariri area, SICON has not undertaken any significant earthquake work to date, Discussions are taking place with two lead Alliance Partners, where SICON related work is not expected to start until early 2012. Also, discussions held with an alliance that specialises in insurance works on damaged properties in Christchurch, are being aggressively targeted. Considerable effort is being directed towards increasing SICON's presence in the rural market.

Investments and subsidiary companies





Selwyn Plantationboard limited

(60.68% Shareholding)

Financial Performance

The total comprehensive income for the 2011 financial year was a surplus of \$4.3 million. This result includes a forest revaluation increase, a land and building revaluation increment, a reversal of land conversion impairment from previous years and losses / gains on sale of assets and shares.

The trading results prior to these provisions, revaluations, gains / losses on sale of assets, shares and carbon credits, and impairments was a pre-tax profit of \$2.3 million (2010: \$1.8 million).

This represents an excellent result from the forest operations on the back of some very good export selling prices.

Forestry

The forestry component of the business commenced the financial year in a challenging and volatile market environment, as domestic log demand remained weak. The export sector also entered a period of low returns for logs as offshore demand slowed.

The export section however quickly recovered in September, with demand increasing for all grades of logs, and month on month upward price movement, which then prevailed for the remainder of the year. These high export log prices have been the most significant contributor in the strong financial result at year end.

Domestic log demand remained weak throughout most of the year as the local sawmills continued to operate under

volatile and uncertain market conditions. Opportunities to export sawn timber into niche markets were secured by some mills, and this has gone somewhat to maintaining production throughput and managing stock levels.

At the end of the financial year export log demand and price had started to weaken, as log inventory in most Asian port destinations reached capacity. The timing around this drop in the market is a consistent trend in an annual cycle and as before this is expected to regain in September.

Farming

The start of the financial year brought with it a further reduction in farm operations, as other farm land sales now concentrated on the Plains were progressively completed. Farm staff numbers were adjusted accordingly as the workload declined.

All farm and any previously held over forestry plant and equipment was sold at auction at the end of October and remaining livestock was sold prior to the commencement of the farm lease in November.

Bankside Fuel Depot

Groundwater collection and analysis is a final component of the Bankside remediation project and to date two of the required three separate groundwater tests have been completed. On completion of the third groundwater collection and analysis, SPBL's immediate obligation with

regard to the Bankside remediation will be completed. The final land classification and status of the site will then be decided and it is possible that there may be an ongoing obligation on SPBL to continue to monitor the site for a yet to be determined period. The total project spend to date is \$2.9 million.

Looking Ahead

The company is now close to completing its strategic goals, and with a conditional contract signed in June for the purchase of the forest estate, it now appears likely that the business objectives can be concluded by the end of the current calendar year.

Investments and subsidiary companies





Ferguson Brothers^{limited}

(100.0% Shareholding)

Financial Performance

The operating revenue for the year was \$17.6 million, reflecting a 12% increase compared to \$15.8 million last year. This produced a deficit before tax of \$773k, compared to a deficit before tax of \$2.3 million in the prior year.

The negative result is mainly due to one-off costs, including the Pike River write-off (\$607k), losses on disposal of assets, rework from prior periods, and continued high repairs and maintenance costs.

After a difficult first half, a significant improvement in the second half produced an operating surplus of \$1.127 million before interest, loss on disposal, bad debts and tax.

Operations

The two TNZ and Grey District term maintenance contracts continue to provide base workload, and the company has been advised that these will be rolled over for a further period. Extensive flood damage work in South Westland contributed significantly to second half performance. Construction contracts were better managed during the period, with no significant rework emerging. All outstanding rework from prior periods has been addressed, and a very modest provision has been made in the current period.

During the period the concrete plant assets were disposed of, and the company has exited the Nelson Tasman Rivers Contract, with resources being rationalised back to Greymouth.

Cash flow restrictions continued to prevent plant replacement, with resulting excessive repairs and maintenance costs and downtime, and increased use of subcontractors and hired plant. The issue of further shares approved and accepted in June has assisted in the commitment to an extensive plant replacement programme for the current year.

Management has focused on maintaining ACC Workplace Safety and TSQ1 Quality ratings.

While staff numbers continue to be addressed, the company maintains a core of competent operators and strong company culture, with opportunities for improvement. A comprehensive review of management and operational structures has been completed.

Looking Ahead

The company maintains a strong position in the West Coast, with the extension of the term maintenance contracts, as well as the local construction market. In addition management are progressing opportunities provided by major capital development projects in the mining and energy sectors, together with potential work from the Christchurch earthquake recovery. Accordingly, the company has budgeted for a positive result for the 2012 year.

Financial statements



Statement of Comprehensive Income
For the Year Ended 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Revenue					
Dividends Received		3,297,938	3,995,062	3,297,938	3,995,062
Interest Received		403,131	271,656	283,884	73,514
Other Revenue	1	375	-	48,287,923	50,554,126
Other Gains / (Losses)		7,428,641	-	422,852	482,890
Total Revenue		11,130,085	4,266,718	52,292,597	55,105,592
Expenses					
Audit Fees - current year		26,120	24,703	132,100	148,038
Audit Fees - prior year		3,500	-	19,795	5,000
Depreciation & Amortisation	22,23	950	600	3,253,173	3,610,611
Director Fees		134,000	128,000	305,448	351,292
Employee Benefits Expenses	2	198,210	177,771	16,849,082	20,333,009
Finance Costs	3	40,370	62,837	605,946	732,237
Secretarial / Administration		42,744	45,664	42,744	45,664
Other Expenses	4	142,451	103,022	30,033,085	29,969,475
Total Expenses		588,345	542,597	51,241,372	55,195,326
Surplus / (Deficit) Before Impairments and Tax		10,541,739	3,724,121	1,051,225	(89,734)
Impairment of Assets	22,23	-	-	-	129,276
Impairment of Investment	16	734,436	1,200,000	-	-
Total Impairments		734,436	1,200,000	-	129,276
Surplus / (Deficit) Before Tax		9,807,304	2,524,121	1,051,225	(219,010)
Taxation Expense / (Benefit)	5	(15,906)	(20,955)	1,835,354	(1,137,610)
Surplus / (Deficit) After Tax before Discontinued operation		9,823,209	2,545,076	(784,129)	918,600
Surplus / (Deficit) After Tax from Discontinued operation	34	-	-	4,342,828	(2,592,570)
Surplus / (Deficit) After Tax		9,823,209	2,545,076	3,558,699	(1,673,971)
<i>Surplus / (Deficit) After Tax Attributable to:</i>					
Selwyn Investment Holdings Limited		9,823,209	2,545,076	1,851,099	(242,029)
Non-controlling interest		-	-	1,707,600	(1,431,942)
		9,823,209	2,545,076	3,558,699	(1,673,971)

Statement of Comprehensive Income (Continued)

For the Year Ended 30 June 2011

	Note	Parent		Group	
		2011	2010	2011	2010
Other Comprehensive Income					
Financial Asset Valuation Gains	10	4,085,792	2,392,447	2,518,000	-
Deferred Tax thereon		-	-	-	-
Total Other Comprehensive Income before Discontinued operation		4,085,792	2,392,447	2,518,000	-
Total Other Comprehensive Income from Discontinued operation	34	-	-	-	(3,663,715)
Total Other Comprehensive Income		4,085,792	2,392,447	2,518,000	(3,663,715)
Total Comprehensive Income		13,909,002	4,937,523	6,076,699	(5,337,686)
Total Comprehensive Income Attributable to:					
Selwyn Investment Holdings Limited		13,909,022	4,937,523	4,369,099	(2,465,171)
Non-controlling interest	9	-	-	1,707,600	(2,872,515)
		13,902,002	4,937,523	6,076,699	(5,337,686)

Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Opening Balance		116,956,330	116,018,807	147,240,737	156,578,423
Total Comprehensive Income		13,909,002	4,937,523	6,076,699	(5,337,686)
Realisation of Assets		(7,428,641)	-	(10,614,939)	-
Distributions to owners during the period		(3,600,000)	(4,000,000)	(3,600,000)	(4,000,000)
Balance at the end of the Period		119,878,113	116,956,330	139,102,497	147,240,737
Total Comprehensive Income Attributable to:					
Selwyn Investment Holdings Limited		13,909,002	4,937,523	4,369,099	(2,465,171)
Non-controlling interest	9	-	-	1,707,600	(2,872,515)
		13,909,002	4,937,523	6,076,699	(5,337,686)

Statement of Financial Position

As at 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Equity					
Equity					
Share Capital	8	60,000,000	60,000,000	60,000,000	60,000,000
Revaluation Reserve	9	-	-	1,341,003	1,341,003
Fair Value Through Equity Reserve	10	43,376,378	46,719,227	26,389,500	23,871,500
Retained Earnings	11	16,460,313	10,237,103	31,877,076	33,625,976
Non-controlling Interest	9	-	-	19,494,918	28,402,257
Total Equity		119,836,691	116,956,330	139,102,497	147,240,737
Represented by:					
Current Assets					
Cash & Cash Equivalents	12	15,667,115	2,972,611	15,794,493	3,626,395
Trade & Other Receivables	13	1,427,604	23,136	9,274,645	7,753,807
Inventory and Work in Progress	14	-	-	1,055,964	1,683,716
Tax Receivable	5	-	20,548	4,186,028	4,234,854
Other Financial Assets	16	360,004	2,702,325	-	-
<i>Current Assets relating to Discontinued operation:</i>					
Livestock	15	-	-	-	865,150
Assets Held for Sale	33	-	-	35,239,327	58,361,156
Other Current Assets	34	-	-	16,873,216	13,447,108
Total Current Assets		17,454,723	5,718,620	82,423,673	89,972,186
Current Liabilities					
Trade & Other Payables	17	4,055,500	4,281,926	8,414,242	8,305,062
Employee Benefits Liabilities	18	13,482	10,401	1,792,002	1,764,768
Borrowings	19	500,000	500,000	4,059,320	8,968,515
Provisions	20	-	-	366,500	487,540
Interest Rate Swap		7,307	41,413	189,964	311,607
<i>Current Liabilities relating to Discontinued operation</i>					
Deposit received in advance		-	-	2,631,500	936,100
Other Current Liabilities	34	-	-	1,280,483	3,006,049
Total Current Liabilities		4,576,289	4,833,740	18,734,011	23,779,641
Working Capital		12,878,433	884,880	63,689,662	66,192,545

Statement of Financial Position (Continued)

As at 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Non-Current Assets					
Forestry Assets	21	-	-	-	-
Intangible Assets	22	-	-	479,703	523,099
Property, Plant & Equipment	23	2,409	1,360	13,059,340	15,699,903
Deferred Taxation Assets	5	226,426	210,520	3,134,670	6,354,635
Other Financial Assets	16	106,854,423	116,484,570	67,788,000	65,270,000
Total Non-Current Assets		107,083,258	116,696,450	84,461,713	87,847,637
Non-Current Liabilities					
Non-Current Liabilities					
Deferred Taxation Liabilities	5	-	-	5,714,674	5,808,184
Employee Benefit Entitlements	18	-	-	70,718	116,264
Borrowings	19	125,000	625,000	3,263,485	874,996
Total Non-Current Liabilities		125,000	625,000	9,048,877	6,799,444
NET ASSETS		119,836,691	116,956,330	139,102,497	147,240,737

Approval of Financial Statements

For the Year Ended 30 June 2011

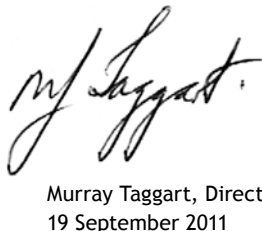
Approval by Directors

The Directors are pleased to present the financial statements of Selwyn Investment Holdings Limited for the year ended 30 June 2011.

The financial statements were authorised by the Board of Directors on 19 September 2011 for release to the shareholder.



Warren Bell, Chairperson
19 September 2011



Murray Taggart, Director
19 September 2011

Statement of Cash Flows
For the Year Ended 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash Flows from Operating Activities					
Cash was provided from:					
- Receipts from Customers		-	-	48,302,156	54,581,020
- Interest Received		170,382	159,969	51,134	(13,808)
- Dividends Received		2,010,938	4,219,484	2,010,938	3,995,063
- Income Taxes Received		20,675	-	20,675	272,921
		2,201,994	4,379,453	50,384,902	58,835,196
Cash was applied to:					
- Supplier & Employee Payments		(367,439)	(564,821)	(46,506,687)	(52,169,548)
- Finance Costs		(77,534)	(119,962)	(730,873)	(771,714)
- Income Taxes Paid		-	-	79,800	(87,245)
- GST Payable		-	-	(48,459)	(6,892)
		(444,972)	(684,783)	(47,206,219)	(53,035,399)
Net Cash Flows from Operating Activities	24	1,757,022	3,694,669	3,178,684	5,799,796
Cash Flows from Investing Activities					
Cash was provided from:					
- Repayment of Loan from Subsidiary		-	208,334	-	-
- Share Capital Repaid	16	15,845,436	-	-	-
- Sale of Property, Plant & Equipment		375	-	1,854,970	799,111
		15,845,811	208,334	1,854,970	799,111
Cash was applied to:					
- Acquisition of Investments		(406,329)	-	-	-
- Loans made to Subsidiaries		-	(563,558)	-	-
- Purchase of Intangible Assets		-	-	-	(2,174)
- Purchase of Property, Plant & Equipment		(1,999)	-	(2,185,568)	(1,786,975)
		(408,328)	(563,558)	(2,185,568)	(1,789,149)
Net Cash Flows from Investing Activities		15,437,483	(355,224)	(330,598)	(990,038)

Statement of Cash Flows (Continued)
For the Year Ended 30 June 2011

	Note	Parent		Group	
		2011 \$	2010 \$	2011 \$	2010 \$
Cash Flows From Financing Activities					
Cash was provided from:					
- Proceeds from Share Capital		-	-	-	-
- Proceeds from Borrowings		-	-	2,443,686	-
		-	-	2,443,686	-
Cash was applied to:					
- Dividends Paid		(4,000,000)	(2,203,482)	(4,000,000)	(2,203,482)
- Repayment of Borrowings		(500,000)	(500,000)	(960,423)	(1,804,289)
		(4,500,000)	(2,703,482)	(4,960,423)	(4,007,771)
Net Cash Flows from Financing Activities		(4,500,000)	(2,703,482)	(2,516,737)	(4,007,771)
NET INCREASE IN CASH HELD		12,694,503	635,963	331,349	801,987
ADD OPENING CASH BALANCE		2,972,611	2,336,648	(452,948)	(2,212,831)
Discontinued operation	34	-	-	15,845,436	957,896
CLOSING CASH BALANCE		15,667,115	2,972,611	15,723,837	(452,948)
Summary of Cash Resources					
Cash and Bank		551,637	2,216,066	679,015	2,869,850
Short Term Bank Deposits Maturing within 3 months		15,115,479	756,545	15,115,479	756,545
Bank Overdrafts	19	-	-	(70,656)	(4,079,343)
Closing Cash Balance		15,667,115	2,972,611	15,723,837	(452,948)

Statement of Accounting Policies

For the Year Ended 30 June 2011

Statement of Reporting Entity

Selwyn Investment Holdings Limited (SIHL) is registered under the Companies Act 1993. SIHL is a Council Controlled Trading Organisation as defined by section 6 of the Local Government Act 2002.

The SIHL group consists of Selwyn Investment Holdings Limited and its subsidiaries, SICON Limited (100% owned), Selwyn Plantation Board Limited (60.68% owned) and Ferguson Brothers Limited (100.0% owned, 2010: 75.1%). SIHL also has an investment in Orion New Zealand Limited (10.725% owned).

SIHL is a limited liability company incorporated and domiciled in New Zealand. It is a wholly-owned subsidiary of Selwyn District Council formed for the purpose of holding and managing the Council's investments in trading organisations in a commercial manner. The Company has designated itself as a profit oriented entity for the purposes of New Zealand equivalents to the International Reporting Standards (NZ IFRS).

The financial statements of SIHL are for the year ended 30 June 2011. The financial statements were authorised for issue by the Directors on 19 September 2011.

Basis of Preparation

The financial statements of SIHL have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, the Financial Reporting Act 1993 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Standards (IFRS). The parent entity financial statements also comply with IFRS.

With the exception of Selwyn Plantation Board Limited, the financial statements have been prepared on an historical cost basis, modified by the revaluation of certain non-current assets and financial instruments.

The financial statements of Selwyn Plantation Board Limited have been prepared on a realisation basis. In previous years the financial statements were prepared on a going concern basis. In April 2010, SPBL shareholders approved the Board's Strategic Plan for the company, which provided for the sale of all of the company's assets and for the proceeds of sale to be returned to shareholders. In the later part of the financial year the company was in transition from forestry and farming operations to the realisation of assets.

SPBL no longer adopting the going concern assumption for accounting purposes has consequences for the classification of assets within the statement of financial position, the valuation of assets, and statement of comprehensive income disclosures. All assets are expected to be realised within 12 months of the year end, therefore have been classified as current assets. Property, plant and equipment and forest assets have been classified as assets held for sale. All assets have been recognised at their expected realisable value, this being the proceeds expected to be received on sale of the assets.

The financial statements are presented in New Zealand dollars and the functional currency of SIHL is New Zealand dollars.

Changes in Accounting Policies

New accounting standards and interpretations

(a) Changes in accounting policy and disclosures.

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

The Company has adopted the following new and amended New Zealand equivalents to International Financial Reporting Standards and interpretations as of July 1 2010.

- Improvements to IFRS's 2009 - various standards

The adoption of the above standards or interpretations is not considered to have a material impact on the financial Statements or performance of the company.

New standards and interpretations issued and not yet adopted

Other than for the general descriptions provided above, the company has not yet determined the potential impact of the new standards, interpretations and amendments. The Company has not early adopted any of the new standards.

Standard, Amendment or Interpretation, and effective date	Summary of requirements
1 January 2011 IAS 24 Related Party Disclosures (revised 2009)	The revised IAS 24 amends the definition of a related party and modifies certain related party disclosure requirements for government - related entities.
1 January 2011 Improvements to IFRSs 2010 - IFRS 7 Financial Statements: Disclosures	The amendments add an explicit statement that qualitative disclosures should be made in the context of quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
1 January 2011 Improvements to IFRSs 2010 - IAS 1: Presentation of Financial Statements	The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
1 July 2011 Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)	The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for: <ul style="list-style-type: none"> • Financial assets that are not derecognised in their entirety; and • Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.
1 July 2011 FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)	The purpose of these amendments is to harmonise Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction.
1 July 2012 Presentation of items of Other Comprehensive income (Amendments to IAS 1)	The amendments: <ul style="list-style-type: none"> • require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; • do not change the existing option to present profit or loss and other comprehensive income in two statements; and • change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.
1 January 2013 IFRS 9 Financial Instruments	Standard issued in November 2009 (IFRS 9 (2009)) IFRS 9 (2009) is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics for the financial asset. Standard issued in October 2010 (IFRS 9 (2010)) IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and de-recognition of financial assets and liabilities to the version issued in November 2009.
1 January 2013 IFRS 13 Fair Value Measurement	IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Subsidiaries

SIHL consolidates as subsidiaries in the group financial statements all entities where SIHL has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where SIHL controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by SIHL or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

SIHL measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over SIHL's consolidated interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If SIHL's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial position.

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

All consolidated subsidiaries have a balance date of 30 June.

Revenue

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

Revenue from sale of goods is recognised when the group entities have transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue from a contract to provide services is recognised by reference to stage of completion of the contract at year end balance date.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Discontinued Operation

A discontinued operation is a component of the group's business that represents a separate major line of business that has been discontinued. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period. The comparative statement of financial position is not restated.

Construction Contracts (Group Entities)

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments and subsidiaries, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that they 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 asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories and Work In Progress (Group)

Inventories held for use in the production of goods and services are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method for Selwyn Plantation Board Limited and Ferguson Brothers Limited and weighted average for SICON Limited. In the case of manufactured goods, cost includes direct materials, labour and production overheads associated with putting the inventories in their present location and condition. 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.

The write down from cost to net realisable value is recognised in the surplus or deficit.

Livestock

Livestock is valued at its fair value less estimated point of sale cost. Livestock was valued at fair market values as at 30 June 2010 by Mr Brian Brice of Hazlett Rural, Stock and Station Agent. All livestock had been sold prior to 30 June 2011.

Financial Assets

SIHL and group entities classify their financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the investments were acquired. SIHL determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which SIHL or group entities commit to purchase or sale of the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and SIHL or group entities have transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. SIHL uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

1. Financial assets at fair value through surplus or deficit.

This category has two sub-categories: financial assets held for trading and those designated at fair value through surplus or deficit at inception. 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 the Directors. 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 date.

After initial recognition, they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently, SIHL and group entities do not hold any financial assets in this category.

2. Loans and receivables.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans and receivables are classified as 'trade and other receivables' in the statement of financial position.

Currently, SIHL and group entities have trade and other receivables and short term deposits in this category.

3. Held to maturity investments.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that SIHL and group entities have the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently, SIHL and group entities do not hold any financial assets in this category.

4. Financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above.

This category encompasses:

- Investments that SIHL intends to hold long-term but which may be realised before maturity; and
- Shareholdings that SIHL holds for strategic purposes. SIHL's investments in its subsidiaries are included in this category.

After initial recognition, these investments are measured at their fair value with valuations performed by an independent valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are recognised and held in a revaluation reserve.

The investment in Orion New Zealand Limited is valued based on an independent valuation as at 31 March 2011 completed by Ernst & Young Corporate Finance Limited, Chartered Accountants, Wellington. The investments in SICON Limited and Ferguson Brothers Limited are valued based on directors valuations as at 30 June 2011. These valuations reflect fair value and are based on the higher of present value of the respective company's estimated future earnings or net asset value.

Gains and losses are recognised directly in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit. In the event of impairment, any cumulative losses previously recognised in other comprehensive income will be removed from other comprehensive income and recognised in the surplus or deficit even though the asset has not been derecognised.

Impairment of Financial Assets

At each balance date, SIHL and group entities assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Derivative financial instruments

The group uses derivative financial instruments to hedge interest rate risks arising from financial activities. The group does not hold or issue derivative financial instruments for trading purposes. The group has not adopted hedge accounting under NZ IAS 39 Financial Instruments: Recognition and Measurement.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value at each balance date.

The associated gains or losses of derivatives are recognised in the surplus or deficit as part of “gains” or “other expenses”.

The full fair value of derivatives are classified as non-current if the remaining maturity of the item is more than twelve months and as current if the remaining maturity of the item is less than twelve months.

Property, Plant and Equipment

Property, plant and equipment of SIHL and group entities consist of:

- Farm land, other land, buildings, improvements, plant and machinery, motor vehicles, furniture and fittings and computer equipment.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses. Farm land and other land are not depreciated.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SIHL or group entities and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Parent

Depreciation is provided on all property, plant and equipment on a diminishing value basis at rates allowed by the Inland Revenue for that class of asset.

SICON Limited

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	10 - 33 years	(3% - 10%)
Improvements	10 - 33 years	(3% - 10%)
Plant & Machinery	2 - 12 years	(8.3% - 50%)
Motor Vehicles	6 - 10 years	(10% - 16.7%)
Furniture & Fittings	3 - 10 years	(10% - 33%)
Computer Equipment	3 years	(33%)

Selwyn Plantation Board Limited

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings		
• Wooden	40 years	(2.5%)
• Brick	50 years	(2%)
Improvements	10-50 years	(2% -10%)
Heavy Plant & Machinery	2-10 years	(10% - 50%)
Other Plant & Machinery	5-10 years	(10% - 20%)
Motor Vehicles	5 years	(20%)
Furniture & Fittings	5-10 years	(10% -20%)
Computer Equipment	5 years	(20%)

Depreciation has not been charged since the decision to dispose of SPBL's assets was made in April 2010. SPBL's assets are carried at net realisable value.

Ferguson Brothers Limited

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	13.8 - 33.3 years	(3% - 7%)
Plant & Machinery	1.5 - 50 years	(2% - 67%)
Motor Vehicles	3.5 - 7.5 years	(13.5% - 25.2%)
Furniture & Fittings	1.5 - 11 years	(8.5% - 67%)
Computer Equipment	3.3 years	(30%)

The estimated useful lives, residual values and depreciation rates of SIHL and the group entities are reviewed at each financial year end.

Revaluation

Those asset classes that are revalued, are valued either on a yearly or three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

If there is a material difference, then the relevant asset classes are revalued.

Farm Land - Selwyn Plantation Board Limited

Farm land is revalued annually at fair value as determined from market-based evidence by an independent valuer. The current valuation was performed by Property Advisory Ltd, Registered Valuers and the valuation is effective as at 30 June 2010.

Other Land & Buildings - Group Entities

Other land and buildings are valued on a three yearly or five yearly basis at fair value as determined from market-based evidence by an independent valuer. The most recent valuation of SPBL Other Land & Buildings was performed by Property Advisory Ltd, Registered Valuers and the valuation is effective as at 30 June 2010. The most recent valuation of SICON's Other Land & Buildings was performed by R O Chapman B Com (VPM) SNZPI (ANZIV) AREINZ MIPMV Registered Public Valuer and S E J Newberry B Com (VPM) SPINZ (ANZIV) Registered Public Valuer of FordBaker Valuation Limited and the most recent valuation is effective as at 30 June 2007. The most recent valuation of Ferguson Brothers Limited Land & Buildings was performed by D Shaw of QV Valuations and the most recent valuation is effective as at 2 August 2011. This valuation is marginally below the current carrying value of \$126,000, and the difference is not considered to be material. Accordingly, no revaluation has been recorded in the financial statements.

Accounting for Revaluations:

Selwyn Plantation Board Limited, SICON Limited and Ferguson Brothers Limited account for revaluations of property, plant and equipment on an asset by asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for each asset through other comprehensive income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that asset.

Forestry Assets

Forestry assets are revalued annually at fair value less estimated point of sale costs in accordance with NZ IAS 41. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. The forest was revalued as at 30 June 2008 pursuant to a Directors' valuation. The forest is independently revalued every three years with the most recent valuation being effective as at 30 June 2010 and completed by PF Olsen Ltd. Due to a current sale and purchase agreement being in place at balance date, the forestry assets have not been independently valued as at 30 June 2011. The sale and purchase agreement is subject to the review and approval of the Overseas Investment Office and the Commerce Commission. The Board of SPBL considers the carrying value of the forestry land and trees to be not materially different from fair value, whether or not the current sale is approved and finalised, and this view is supported by assurance gained from independent valuers.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs, are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit.

Intangible Assets

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Selwyn Investment Holdings Limited's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, Selwyn Investment Holdings Limited measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Software Acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use, the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for software have been estimated as follows:

SICON Limited	3 years	33.0%
Selwyn Plantation Board Limited	5 years	30.0%
Ferguson Brothers Limited	3 years	33.0%

Mining Licences

Acquired mining licenses and permits are capitalised on the basis of the costs incurred to acquire and bring to use, the specific licence and permit.

Amortisation

Mining Licences transferred at acquisition date with a finite life are amortised on a straight line basis over their useful life.

Amortisation begins from acquisition date and ceases at the date that the licence is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rate for mining licences have been estimated as follows:

Haast	33 years	24.41%
Paringa	31.42 years	23.24%
Caravan Knob	39.33 years	29.10%
Whataroa	31.42 years	23.24%

Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Goods and Service Tax (GST)

As SIHL is an investment company which does not make any taxable supplies, SIHL is not registered for GST. As a result, amounts shown in these financial statements are inclusive of GST for the parent company.

For its subsidiaries, all items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless SIHL and group entities have an unconditional right to defer settlement of the liability for at least twelve months after balance date.

Employee Benefits

Short-term Benefits

Employee benefits that SIHL and group entities expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, bonus accruals and sick leave.

SIHL and group entities recognise a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that SIHL and group entities anticipate it will be used by staff to cover those future absences.

SIHL and group entities recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term Benefits

Long Service Leave and Retirement Leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate and an inflation factor were used in this calculation.

Superannuation Schemes

Defined Contribution Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Defined Benefit Schemes

SICON Limited and Selwyn Plantation Board Limited belong to the Defined Benefit Plan Contribution Scheme ('the Scheme') which is managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the Scheme, the extent to which the surplus/deficit will affect contributions by individual employers, as there is no prescribed basis for allocation. The Scheme is therefore accounted for as a defined contribution scheme.

Provisions

SIHL and group entities recognise a provision for future expenditure when there is a present obligation (either legal or constructive) as a result of a past event, probability that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, SICON Limited and Ferguson Brothers Limited recognise finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether SICON Limited and Ferguson Brothers Limited will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Critical Accounting Estimates and Assumptions

In preparing these financial statements SIHL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. 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. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets within the next financial year are discussed below:

Parent

Other Financial Assets - Fair Value Through Other Comprehensive Income

There are assumptions and estimates used when performing valuations of investments and these include assumptions about the future maintainable earnings of the investments and the earnings multiple used in these valuations.

Group

Canterbury earthquakes

To the best of the Directors knowledge, there has been no material impact on SIHL and the group consequent to the Canterbury earthquakes in the year ended 30 June 2011.

Bankside provision

Note 20 comments on the exposure of Selwyn Plantation Board Limited in relation to the estimates and uncertainties surrounding the Bankside provision.

Forest valuation

The forest valuation is calculated based on assumptions of current costs and revenues discounted to present value. The valuation conforms with NZ IAS 41 Agriculture.

Maintenance Provision

Note 20 presents an analysis of the exposure to SICON Limited in relation to the estimates and uncertainties surrounding the maintenance provision for the defects liability period on contracts that have reached practical completion.

Doubtful Debts, Work in Progress, Inventory Values, Rework provisions and Useful lives

The principal areas where judgement has been exercised in preparing the financial statements of SICON Limited and Ferguson Brothers Limited are in relation to calculating provisioning for doubtful debts, assessing the level of work in progress, inventory values, rework provisions and determining the remaining useful lives over which assets are depreciated.

Notes to the Financial Statements

For the Year Ended 30 June 2011

1. Other Revenue

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Contracting Services	-	-	48,195,170	45,798,734
Irrigation Sales	-	-	-	4,718,121
Sundry Revenue	375	-	92,753	37,271
	375	-	48,287,923	50,554,126

2. Employee Benefits Expenses

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Salary and Wages	191,125	183,221	16,530,246	20,632,640
Employer contributions to superannuation and Kiwisaver plans	-	-	224,141	256,978
Employer contributions to other plans and benefits	4,004	3,706	61,810	56,291
Increase / (decrease) in employee benefit liabilities	3,082	(9,156)	32,885	(612,900)
	198,210	177,771	16,849,082	20,333,009

3. Finance Costs

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Interest on bank borrowings	74,476	116,545	672,341	807,936
Revaluation of Interest Rate Swap	(34,106)	(53,708)	(121,645)	(153,136)
Interest on creditors accounts	-	-	506	7,779
Finance lease interest charge	-	-	54,743	69,658
	40,370	62,837	605,946	732,237

4. Other Expenses

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Bad debts	-	-	632,620	58,453
Cost of sales - materials	-	-	1,971,337	6,161,281
Donations	-	-	-	5,703
Lease payments under operating leases	-	-	794,869	1,095,001
Impairment of receivables	-	-	(1,044)	89,076
Other operating expenses	142,451	103,022	26,635,303	22,559,961
	142,451	103,022	30,033,085	29,969,475

Financial statements

5. Taxation

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Surplus / (Deficit) Before Tax - Continuing activities	9,807,304	2,524,121	1,051,225	(219,010)
Surplus / (Deficit) Before Tax - Discontinued operation	-	-	5,582,386	(1,198,710)
Prima Facie Tax @ 30% (2010: 30 %)	2,942,191	757,236	1,990,083	(425,316)
Imputation Credit Adjustment	(989,381)	(1,265,845)	(989,381)	(1,198,519)
Plus/(Less) Tax Effect of Permanent Differences				
- Non Deductible Expenditure	(2,228,591)	67,328	(232,550)	1,718,859
- Impairment of Investment	220,331	360,000	-	-
Prior Year Current Tax Adjustment	34,812	-	(16,732)	35,795
De-recognition of losses	-	-	1,890,070	-
De-recognition of other temporary differences	-	46,118	629,142	46,118
Change in Tax Rate	4,733	14,208	(195,723)	79,313
Taxation Expense / (Benefit)	(15,906)	(20,955)	3,074,909	256,250
Made up as follows:				
Current Taxation	-	-	-	(1,342,033)
Prior Year Tax Adjustment	34,812	-	(16,732)	35,847
Deferred Taxation				
- Continuing activities	(55,452)	(35,163)	1,847,352	125,061
- Discontinued operation	-	-	1,440,011	1,358,062
Change in Tax Rate	4,733	14,208	(195,723)	79,313
	(15,906)	(20,955)	3,074,909	256,250
Taxation Expense / (Benefit) is attributable to				
Continuing activities	(15,906)	(20,955)	1,835,354	(1,137,610)
Discontinued operation	-	-	1,239,555	1,393,860
	(15,906)	(20,955)	3,074,909	256,250

The tax rate used is the corporate income tax rate payable by NZ companies on taxable profits under NZ tax law. Effective 1/4/2011 the company tax rate reduced from 30% to 28% (2010: 30%).

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Income Taxation Provision / (Asset)				
Opening Balance	(20,548)	(20,548)	(4,234,854)	(4,472,309)
Current Year Income Tax	-	-	-	(1,342,033)
Plus Tax Refunded	20,675	-	20,675	274,556
Prior Period Adjustment	-	-	(51,544)	49
Less RWT Paid	-	-	-	(311)
Less Tax Paid	(127)	-	79,695	(88,666)
Taxation Expense / (Benefit)	-	-	-	1,393,860
Closing Balance	-	(20,548)	(4,186,028)	(4,234,854)

	Opening Balance 1 July 2010	Charged to surplus	Charged to Other Comprehensive Income	Change in Tax Rate	Closing Balance 30 June 2011
	\$	\$	\$	\$	\$
Deferred Tax - Parent					
Property, Plant & Equipment	-	-	-	-	-
Trade and Other Receivables	-	-	-	-	-
Deferred Taxation Assets					
Trade and Other Payables	-	-	-	-	-
Employee Benefits and other Accruals	3,120	924	-	(270)	3,775
Interest Rate Swap	12,423	(10,232)	-	(146)	2,045
Benefit of tax losses (future income tax benefits)	194,977	29,947	-	(4,317)	220,606
	210,520	20,639	-	(4,733)	226,426
Net Deferred Taxation Balance	210,520	20,639	-	(4,733)	226,426
	Opening Balance 1 July 2009	Charged to surplus	Charged to Other Comprehensive Income	Change in Tax Rate	Closing Balance 30 June 2010
	\$	\$	\$	\$	\$
Deferred Tax - Parent					
Property, Plant & Equipment	-	-	-	-	-
Trade and Other Receivables	-	-	-	-	-
	-	-	-	-	-
Deferred Taxation Assets					
Trade and Other Payables	-	-	-	-	-
Employee Benefits and other Accruals	5,867	(2,747)	-	-	3,120
Interest Rate Swap	28,535	(16,112)	-	-	12,423
Benefit of tax losses (future income tax benefits)	154,881	54,023	-	(13,927)	194,977
	189,283	35,163	-	(13,927)	210,520
Net Deferred Taxation Balance	189,283	35,163	-	(13,927)	210,520

Financial statements

Deferred Tax - Group	Opening Balance 1 July 2010	Charged to surplus	Charged to Other Comprehensive Income	Change in Tax Rate	Closing Balance 30 June 2011
	\$	\$	\$	\$	\$
Deferred Taxation Liabilities					
Property, Plant & Equipment	(5,602,532)	(388,137)	-	419,896	(5,570,773)
Retentions Receivable	(154,166)	91,472	-	3,692	(59,002)
Trade and Other Receivables	(51,486)	(40,090)	-	6,677	(84,899)
	(5,808,184)	(336,755)	-	(430,265)	(5,714,674)
Deferred Taxation Assets					
Trade and Other Payables	349,525	(107,907)	-	(9,511)	232,106
Employee Benefits and other Accruals	536,153	(257,335)	-	(24,697)	254,121
Interest Rate Swap	93,482	(36,494)	-	(3,799)	53,189
De-recognition of other temporary differences	-	(629,141)	-	20,849	(608,292)
Recognition / De-recognition of losses	5,375,475	(1,954,545)	-	(217,384)	3,203,545
	6,354,635	(2,985,422)	-	(234,543)	3,134,670
Net Deferred Taxation Balance	546,451	3,322,177	-	195,722	(2,580,005)
Deferred Tax - Group	Opening Balance 1 July 2009	Charged to surplus	Charged to Other Comprehensive Income	Change in Tax Rate	Closing Balance 30 June 2010
	\$	\$	\$	\$	\$
Deferred Taxation Liabilities					
Property, Plant & Equipment	(4,491,264)	(1,099,136)	(53)	(12,079)	(5,602,532)
Retentions Receivable	(211,979)	57,813	-	-	(154,166)
Trade and Other Receivables	(104,529)	53,043	-	-	(51,486)
	(4,807,772)	(988,280)	(53)	(12,079)	(5,808,184)
Deferred Taxation Assets					
Trade and Other Payables	132,525	217,000	-	-	349,525
Employee Benefits and other Accruals	968,975	(422,302)	-	(10,520)	536,153
Interest Rate Swap	139,422	(45,940)	-	-	93,482
Benefit of tax losses (future income tax benefits)	4,315,015	1,117,174	-	(56,714)	5,375,475
	5,555,937	865,931	-	(67,234)	6,354,635
Net Deferred Taxation Balance	748,165	(122,349)	(53)	(79,313)	346,451

The parent and group have recognised deferred tax assets in relation to unused tax losses. Based on current operating conditions and forecast financial results for future years, the parent and group believe that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

For SICON Limited and Ferguson Brothers Limited, losses carried forward have been de-recognised and deductible temporary differences have been de-recognised to the extent they exceed the balance of taxable temporary differences, on the basis that it is not probable that taxable profit will be available against which these deductible temporary differences and losses can be utilised. A deferred tax asset has not been recognised in relation to tax losses of \$6,263k and temporary losses of \$2,173k.

6. Imputation Credit Account

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Opening Balance	6,492,083	5,628,082	9,453,884	8,872,146
Adjustment to Opening Balance	(149,156)	-	(148,943)	(193)
Add: Income Tax Paid	127	-	(79,695)	88,666
Add: Imputation Credits attached to Dividends Received	861,830	1,808,350	861,830	1,808,350
Less: Tax Refund Received	(20,675)	-	(20,675)	(274,556)
Less: Imputation Credits attached to Dividends Paid to Shareholders	(1,714,286)	(944,349)	(1,714,286)	(1,040,529)
Closing Balance	5,469,923	6,492,083	8,352,115	9,453,884

7. Dividends Paid

The parent company has provided for dividends paid to our shareholder (Selwyn District Council) of \$3,600,000 net of imputation credits (2010: \$4,000,000). An interim dividend of \$2,000,000 (2010: \$2,000,000) was declared in June and paid on July 15 2011.

	2011	2010
Interim Dividend - cps	3.3333	3.3333
Final Dividend - cps	2.6667	3.3333

SICON Limited proposes to declare no dividend for the year (2010: \$nil). No interim dividend has been declared or paid during the year (2010: \$nil). Selwyn Plantation Board Limited proposes to declare no dividend for the year (2010: \$nil). No interim dividend has been declared or paid for the year (2010: \$nil). Ferguson Brothers Limited proposes to declare no dividend for the year (2010: \$nil). No interim dividend has been declared or paid during the year (2010: \$nil).

8. Share Capital - Parent

	Parent	
	2011 \$	2010 \$
Issued and Paid Up Capital		
60,000,000 ordinary shares	60,000,000	60,000,000
Issued but Uncalled Capital		
8151 preference shares	8,151,000	8,151,000
Total Issued Capital	68,151,000	68,151,000

9. Asset Revaluation Reserve

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Opening Balance 1 July	-	-	1,341,003	3,853,860
Revaluation gains/(losses)	-	-	-	(2,223,089)
Less Tax effect on buildings revaluation	-	-	-	(53)
Transfer to Retained Earnings	-	-	-	(289,714)
Closing Balance 30 June	-	-	1,341,003	1,341,003

The balance in this account relates to revaluation of the following items:

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Farm land	-	-	997,393	997,393
Other land	-	-	321,208	321,208
Buildings	-	-	22,402	22,402
	-	-	1,341,003	1,341,003

Non-controlling share of Total Comprehensive Income

	Group	
	2011	2010
	\$	\$
Surplus / (Deficit) After Tax	3,558,699	(1,673,971)
Non-controlling interest share	1,707,600	(1,431,942)
Property, Plant & Equipment Revaluation Gains	-	(3,663,662)
Non-controlling interest share	-	(1,440,573)
Non-controlling share of Total Comprehensive Income	1,707,600	(2,872,515)

Non-controlling interest - a summary

	Group	
	2011	2010
	\$	\$
Opening Balance 1 July	28,402,257	31,274,772
Share of Total Comprehensive Income	1,707,600	(2,872,515)
Realisation of Assets	(10,614,939)	-
Closing Balance 30 June	19,494,918	28,402,257

10. Fair Value Through Equity Reserve

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Opening Balance 1 July	46,719,227	44,326,780	23,871,500	23,871,500
Valuation gains/(losses) taken to Other Comprehensive Income	4,085,792	2,392,447	2,518,000	-
Release to Profit	(7,428,641)	-	-	-
Closing Balance 30 June	43,376,378	46,719,227	26,389,500	23,871,500

The Release to Profit of a portion of the Fair Value Through Equity Reserve, relates to the partial de-recognition of SIHL's investment in SPBL, as required by NZ IAS 39 Financial Instruments: Recognition and Measurement. This reflects a technical accounting adjustment in the parent accounts only, which is required on the (partial) disposal of the asset reflecting valuation gains that had previously passed solely through equity.

The balance of this accounts relates to the following items:

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Orion New Zealand Limited Investment	26,389,500	23,871,500	26,389,500	23,871,500
Selwyn Plantation Board Limited Investment	15,504,314	20,297,727	-	-
SICON Limited Investment	1,482,564	2,550,000	-	-
	43,376,378	46,719,227	26,389,500	23,871,500

11. Retained Earnings

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Opening Balance 1 July	10,237,103	11,692,027	33,625,976	37,578,291
Surplus / (Deficit) After Tax	9,823,209	2,545,076	3,558,699	(1,673,971)
Dividends paid or provided (note 7)	(3,600,000)	(4,000,000)	(3,600,000)	(4,000,000)
Transfer from Revaluation Reserve	-	-	-	289,714
Less Non-controlling Interest in Surplus	-	-	(1,707,600)	1,431,942
Closing Balance 30 June	16,460,312	10,237,103	31,877,076	33,625,976

12. Cash and Cash Equivalents

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash at Bank and on hand	551,637	2,216,066	679,015	2,869,850
Short Term deposits maturing within three months of acquisition	15,115,479	756,545	15,115,479	756,545
	15,667,115	2,972,611	15,794,493	3,626,395

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. Bank overdrafts are shown in Note 19.

13. Trade and Other Receivables

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade Receivable - Selwyn District Council	-	-	1,890,475	1,410,294
Trade Receivable - SICON Limited	-	-	2,894,360	5,292
Trade Receivable - KB Irrigation Limited	-	16,485	-	-
Dividend Receivable - Orion New Zealand Limited	1,287,000	-	1,287,000	-
Receivable - Other	140,604	6,651	2,613,360	5,589,184
Retentions	-	-	614,006	809,888
Prepayments	-	-	70,987	108,890
	1,427,604	23,136	9,370,188	7,923,548
Less provision for impairment of receivables	-	-	(95,543)	(169,741)
	1,427,604	23,136	9,274,645	7,753,807

Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group as there are a large number of customers.

As at 30 June 2011 and 2010 all overdue receivables have been assessed for impairment and appropriate provisions applied. SIHL and group entities do not hold any collateral as security or other credit enhancements over receivables that are either past due or impaired.

No impairment provision has been calculated for the parent as there are no expected losses of SIHL's pool of receivables.

The carrying amount of receivables for the parent and group that would have otherwise been past due or impaired, whose terms have been renegotiated is nil (2010: \$nil).

The status of receivables as at 30 June 2011 and 2010 are detailed below:

	2011			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
Parent						
Current	1,427,604	-	1,427,604	23,136	-	23,136
Past Due 31-60 days	-	-	-	-	-	-
Past Due 61-90 days	-	-	-	-	-	-
Past Due > 91 days	-	-	-	-	-	-
Total	1,427,604	-	1,427,604	23,136	-	23,136

	2011			2010		
	Gross	Impairment	Net	Gross	Impairment	Net
Group						
Current	8,487,767	-	8,487,767	6,699,641	-	6,699,641
Past Due 31-60 days	249,001	-	249,001	610,718	-	610,718
Past Due 61-90 days	95,114	-	95,114	82,221	-	82,221
Past Due > 91 days	538,306	95,543	442,763	530,968	169,741	361,227
Total	9,370,188	95,543	9,274,645	7,923,548	169,741	7,753,807

Movements in the impairment of doubtful debts are as follows:

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Opening Balance 1 July	-	-	169,741	80,578
Additional Provisions made during year	-	-	(1,044)	122,724
Receivables Written Off	-	-	(73,154)	(33,561)
Closing Balance 30 June	-	-	95,543	169,741

14. Inventory and work in Progress

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Gravel Stocks	-	-	469,270	676,508
Other Direct Materials	-	-	384,883	305,329
Stores	-	-	42,399	39,234
Finished Goods	-	-	-	395,881
Work in Progress	-	-	159,412	266,764
	-	-	1,055,964	1,683,716

There is no inventory pledged as security for liabilities. There is no inventory subject to retention of title clauses. The write down of inventory amounted to \$nil (2010: \$234,040).

15. Livestock (Group)

	2011		2010	
	Head	\$	Head	\$
Sheep				
Stock on hand - 1 July	2,466	191,750	12,999	1,420,584
Less Te Oka livestock classified as held for resale	-	-	(2,531)	(281,702)
Plus purchases and natural increases	-	-	17,897	901,324
Less sales and deaths	(2,466)	(249,193)	(25,899)	(1,438,642)
Other movements		57,443		(409,814)
Closing Balance - 30 June	-	-	2,466	191,750
Cattle				
Stock on hand - 1 July	863	673,400	1,339	846,344
Less Te Oka livestock classified as held for resale	-	-	(201)	(114,331)
Plus purchases and natural increases	-	-	746	320,326
Less sales and deaths	(863)	(764,600)	(1,021)	(577,418)
Other movements		91,200		198,479
Closing Balance - 30 June	-	-	863	673,400
Total Stock at 30 June	-	-	3,329	865,150
Less Te Oka Stock classified as held for resale				
Total Livestock		-		865,150

SPBL's total Livestock assets have been included within Discontinued operation (see Note 34) under Current Assets in the SIHL Group's Statement of Financial Position.

16. Other Financial Assets

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current Portion				
Loans and receivables				
Short term deposits with maturity 4 - 12 months	-	-	-	-
Loans to Subsidiaries	360,004	1,900,000	-	-
Ferguson Brothers Limited - Debt	-	802,325	-	-
Total Current	360,004	2,702,325	-	-
Non Current Portion				
Loans and receivables				
Ferguson Brothers Limited - Debt	-	1,619,123	-	-
Fair value through equity				
Ferguson Brothers limited - Shareholding	2,608,623	400,000	-	-
Orion New Zealand Limited - Shareholding	67,788,000	65,270,000	67,788,000	65,270,000
SICON Limited - Shareholding	6,372,560	5,900,000	-	-
Selwyn Plantation Board Limited - Shareholding	30,085,239	43,295,447	-	-
Total Non Current	106,854,423	116,484,570	67,788,000	65,270,000
	107,214,427	119,186,895	67,788,000	65,270,000

The investment in Orion New Zealand Limited was independently valued by Ernst & Young Corporate Finance Limited, Wellington as at 31 March 2011. The investments in SICON Limited, Selwyn Plantation Board Limited and Ferguson Brothers Limited were independently valued by Ernst & Young Corporate Finance Limited, Wellington as at 30 June 2009.

The movement in the carrying value of SIHL's shareholding in SICON Limited relates to an increase in relation to the issuance of \$1,539,996 new share capital in SICON Limited (see Note 26) pursuant to the amalgamation of SICON Limited with KB Irrigation Limited (see Note 32), as well as a decrease of \$1,067,436 via the Fair Value Through Equity Reserve pursuant to a directors valuation as at 30 June 2011 (see Note 10).

The movement in the carrying value of SIHL's shareholding in Ferguson Brothers Limited relates to the conversion of \$2,823,059 loans for new share capital (see Note 26), as well as a decrease of \$734,436 via Other Comprehensive Income pursuant to a directors valuation as at 30 June 2011.

The movement in the carrying value of SIHL's shareholding in Selwyn Plantation Board Limited reflects the repayment of share capital pursuant to the share buy-back transaction and the subsequent revaluation of SPBL at year-end.

17. Trade and Other Payables

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade Payable - Selwyn District Council	430,705	242,653	501,887	284,507
Trade Payable - Other	-	-	2,877,834	2,356,714
Deposits / Revenue in Advance	-	-	-	166,000
Other Payables & Accruals	21,107	32,527	1,430,833	1,491,100
Interest Payable	3,688	6,746	3,688	6,741
Dividend Payable	3,600,000	4,000,000	3,600,000	4,000,000
	4,055,500	4,281,926	8,414,242	8,305,062

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

18. Employee Benefits Liabilities

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Accrued Salaries and Wages	-	-	564,562	439,241
Annual Leave	13,482	10,401	1,161,662	1,244,818
Sick Leave	-	-	45,382	53,936
Long Service Leave	-	-	58,372	83,416
End of Work Life Benefit	-	-	32,741	59,621
	13,482	10,401	1,862,720	1,881,032
Comprising:				
Current	13,482	10,401	1,792,002	1,764,768
Non-Current	-	-	70,718	116,264
	13,482	10,401	1,862,720	1,881,032

19. Borrowings

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Current				
Bank Overdraft	-	-	70,656	4,079,343
Secured loans	500,000	500,000	3,789,000	4,621,250
Finance lease liabilities	-	-	199,664	267,922
	500,000	500,000	4,059,320	8,968,515
Non-Current				
Secured loans	125,000	625,000	3,156,250	625,000
Finance lease liabilities	-	-	107,235	249,996
	125,000	625,000	3,263,485	874,996

SICON Limited

Overdraft

The overdraft facility is secured by debenture. The maximum amount that can be drawn down against the overdraft facility is \$50,000 (2010: \$50,000). There are no restrictions on the use of this facility.

Working Capital

Drawdowns are made on an overnight call basis, with an expiry date of 29 March 2014. There is a maximum limit of \$3.6m (2010: \$3.6m). Interest is charged at the Prime Base Rate prevailing at the date of drawdown plus a margin of 1.1%.

Finance Leases

SICON Limited has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is included under property, plant and equipment note (note 23).

There are no restrictions placed on SICON Limited by any of the finance leasing arrangements.

Security

Registered debentures secured over all the assets (excluding inventory) and undertakings of SICON Limited have been executed in favour of the Bank of New Zealand.

Ferguson Brothers Limited

Ferguson Brothers has an Interchangeable banking facility with the ANZ National Bank Limited that includes a bank overdraft facility and a flexible credit facility. The facility has a limit of \$2,500,000 apportioned between the overdraft and flexible credit facilities and has a termination date of 31 December 2011. On 10 August 2011 the bank advised that this facility had been amended from a terminating facility to an "on demand" facility which is the standard term for the banks working capital facilities. Fees of 1% are charged on the overdraft and payable quarterly. Interest is charged at the Business Bank Indicator Rate. The interest rate on the overdraft at 30 June was 10.65% (2010: 10.15%). The interest rate on the flexible credit facility is charged at the bank reference rate plus a margin of 1.2%. The interest rate on the overdraft at 30 June was 5.23% (2010: 5.4%). The bank has a general security agreement over all the assets and undertaking of Ferguson Brothers Limited. In addition, Selwyn Investment Holdings Ltd has provided a guarantee limited to \$1,125,000 plus interest, costs and other amounts.

Ferguson Brothers Limited has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is included under property, plant and equipment note (note 23).

Analysis of Finance lease Liabilities

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Present value of Minimum Future Lease Payments				
No Later than 1 year	-	-	199,664	267,922
Later than 1 year but not later than 5 years	-	-	107,235	249,995
Later than 5 years	-	-	-	-
	-	-	306,899	517,917
Made up of:				
Current Borrowings	-	-	199,664	267,922
Non-Current Borrowings	-	-	107,235	249,995
	-	-	306,899	517,917
	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Minimum Future Lease Payments				
No Later than 1 year	-	-	222,043	306,766
Later than 1 year but not later than 5 years	-	-	113,300	268,405
Later than 5 years	-	-	-	-
Minimum Lease Payments	-	-	335,344	575,171
Less Future Finance Charges	-	-	(28,445)	(57,254)
	-	-	306,899	517,917

20. Provisions

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Opening Balance 1 July	-	-	487,540	1,292,940
Additional Provisions	-	-	454,174	586,293
Costs Incurred	-	-	(575,214)	(1,252,585)
Discontinued operation (Note 34)	-	-	-	(139,108)
Closing Balance 30 June	-	-	366,500	487,540

In general SICON Limited calculates the value of the provision for maintenance contracts based on 50% of the retention value held over the contract at the end of each financial year. Only contracts that have achieved practical completion and have not fulfilled the defects liability period stipulated in the individual contracts are assessed.

SPBL owns property containing the Bankside Fuel Depot. This large pit was constructed during World War II and is of historical interest. In February 2008 the New Zealand Historic Places Trust was successful in registering the Bankside Fuel Depot as a Category 2 Site.

The Fuel Depot has been used as a rubbish dump (by unknown parties and not SPBL). The company commenced a cleanup of this property in late 2008 and has spent \$2.9M up to 30 June 2011. Total spend on this project is now projected to be \$2.9 m.

SPBL has detailed costings on completing the cleanup. Some funding has been received from the Ministry for the Environment and ECAN towards this, however SPBL has ended up bearing the majority of any costs incurred. SPBL have not provided for any additional provision (2010: \$68,125) at year-end. SPBL were unable to complete a third suite of groundwater tests due to low ground water levels over the summer. This obligation has now been undertaken subsequent to balance date. ECAN will consider and advise the final status of the Bankside pit based on the results of these groundwater tests.

SPBL's total Provisions have been included within Discontinued operation (see Note 34) under Current Liabilities in the SIHL Group's Statement of Financial Position.

21. Forestry Assets

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Opening Balance - 1 July	-	-	-	19,180,000
Gains attributable to physical changes	-	-	-	3,381,000
Gains/(Losses) attributable to price changes	-	-	-	1,691,000
Gains/(Losses) attributable to yield changes	-	-	-	782,000
Decrease due to harvest	-	-	-	(3,914,000)
Revision of harvesting costs	-	-	-	1,078,995
Valuation at 30 June	-	-	-	22,198,995
Less transferred to assets classified as held for sale	-	-	-	(22,198,995)
Closing balance 30 June	-	-	-	-

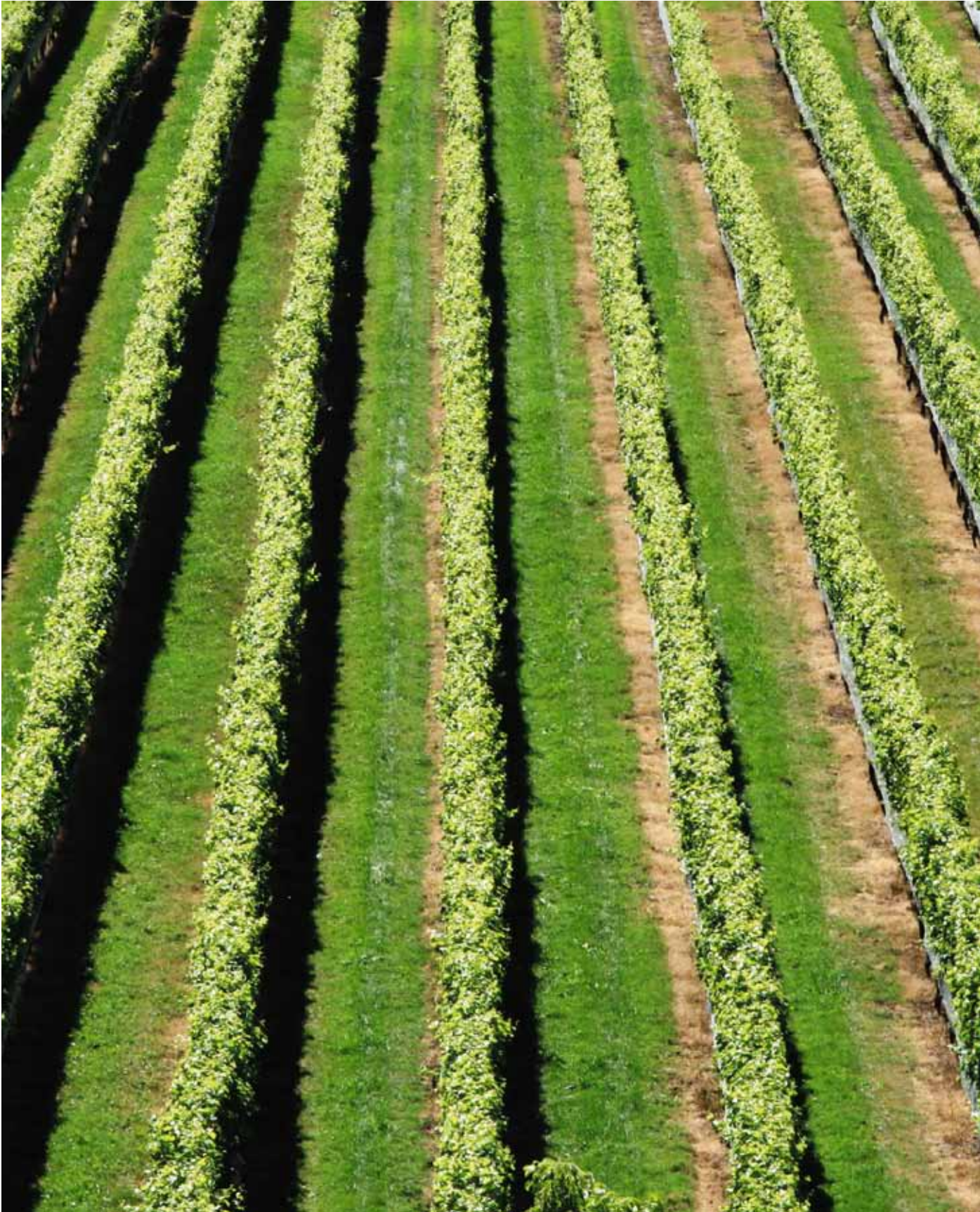
The estimated selling costs for the forestry assets are included in the opening balance 1 July 2009. Forestry assets are revalued annually at fair value less estimated point of sale costs in accordance with NZIAS41. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Some significant assumptions regarding log prices and interest rates are made in performing this valuation. The forest is independently revalued every year with the most recent valuation being effective as at 30 June 2010 and completed by PF Olsen Ltd.

SPBL's total Forestry assets have been included within Discontinued operation (see Note 34) as part of Assets Held for Sale under Current Assets in the SIHL Group's Statement of Financial Position - see Note 33.

22. Intangible Assets (Group)

	Mining Licences	Computer Software	Goodwill	Total
	2011	2011	2011	2011
	\$	\$	\$	\$
Balance at 1 July 2010				
Cost	507,650	364,252	2,395,976	3,267,878
Accumulated amortisation and impairment	(42,370)	(305,111)	(2,395,976)	(2,743,457)
Opening carrying amount	465,280	59,141	-	524,421
Year ended 30 June 2011				
Additions	-	7,942	-	7,942
Amortisation charge	(14,988)	(32,584)	-	(47,572)
Impairment	-	-	-	-
Disposals	-	-	-	-
Discontinued operation (Note 34)	-	(5,088)	-	(5,088)
Balance 30 June 2011	450,292	29,411	-	479,703

	Mining Licences	Computer Software	Goodwill	Total
	2010	2010	2010	2010
	\$	\$	\$	\$
Balance at 1 July 2009				
Cost	507,650	324,810	2,395,976	3,228,436
Accumulated amortisation and impairment	(27,382)	(263,363)	(2,395,976)	(2,686,721)
Opening carrying amount	480,268	61,447	-	541,715
Year ended 30 June 2010				
Additions	-	55,909	-	55,909
Amortisation charge	(14,988)	(41,748)	-	(56,736)
Impairment	-	(6,662)	-	(6,662)
Disposals	-	-	-	-
Discontinued operation (Note 34)	-	(20,166)	-	(20,166)
Balance 30 June 2010	465,280	57,819	-	523,099



23. Property, Plant & Equipment

Parent - 2011	Cost/ revaluation 1-Jul-10	Current year additions	Current year disposals	Capitalisation of Work in Progress	Reclassification of Assets	Current year impairment	Revaluation Increase	Revaluation Decrement	Surplus / Deficit movement
Furniture and equipment	7,555	1,999	(375)	-	-	-	-	-	-
Parent - 2010	Cost/ revaluation 1-Jul-09	Current year additions	Current year disposals	Capitalisation of Work in Progress	Reclassification of Assets	Current year impairment	Revaluation Increase	Revaluation Decrement	Surplus / Deficit movement
Furniture and equipment	7,555	-	-	-	-	-	-	-	-
Group - 2011	Cost/ revaluation 1-Jul-10	Current year additions	Current year disposals	Capitalisation of Work in Progress	Reclassification of Assets	Current year impairment	Revaluation Increase	Revaluation Decrement	Surplus / Deficit movement
Farm Land	-	-	-	-	-	-	-	-	-
Other Land	150,000	71,986	-	-	-	-	-	-	-
Buildings	322,593	15,544	-	-	-	-	-	-	-
Improvements	287,361	17,223	(21,364)	-	-	-	-	-	-
Plant and machinery	21,277,439	1,711,036	(3,192,062)	-	-	-	-	-	-
Motor vehicles	7,833,910	87,210	(970,262)	-	-	-	-	-	-
Furniture and equipment	1,027,788	(11,894)	(14,530)	-	-	-	-	-	-
Work In progress	1	-	-	-	-	-	-	-	-
Total Property, Plant & Equipment	30,899,092	1,891,105	(4,198,218)	-	-	-	-	-	-
Group - 2010	Cost/ revaluation 1-Jul-09	Current year additions	Current year disposals	Current of work in progress	Reclassification of assets	Current year impairment	Revaluation Increase	Revaluation Decrement	Surplus / deficit movement
Farm Land	34,680,735	-	(5,665,516)	313,313	465,650	-	2,062	(3,645,900)	(5,532,402)
Other Land	7,820,069	-	(638,288)	-	(465,650)	-	-	(20,000)	(202,912)
Buildings	1,985,662	26,070	(701,953)	-	-	-	6,110	(5,934)	(30,129)
Improvements	5,838,438	409,612	(740,005)	23,720	-	-	-	-	-
Plant and machinery	24,674,110	1,381,711	(2,929,331)	-	-	(194,753)	-	-	-
Motor vehicles	9,524,826	714,086	(1,334,786)	-	-	-	-	-	-
Furniture and equipment	1,246,496	37,518	(5,808)	-	-	(24,593)	-	-	-
Work In progress	275,546	61,488	-	(337,033)	-	-	-	-	-
Total Property, Plant & Equipment	86,045,882	2,630,485	(12,015,687)	-	-	(219,346)	8,172	(3,671,834)	(5,765,443)

Accumulated depreciation reversal	Cost/ revaluation 30-Jun-11	Accumulated depreciation 1-Jul-10	Current year depreciation	Accumulated depreciation reversal	Accumulated depreciation 1-Jul-11	Carrying amount prior to transfer of assets held for sale 30-Jun-11	Less transfer of assets classified as assets held for sale	Carrying amount 30-Jun-11
-	9,179	6,195	950	(375)	6,770	2,409	-	2,409
Accumulated depreciation reversal	Cost/ revaluation 30-Jun-10	Accumulated depreciation 1-Jul-09	Current year depreciation	Accumulated depreciation reversal	Accumulated depreciation 1-Jul-10	Carrying amount prior to transfer of assets held for sale 30-Jun-10	Less transfer of assets classified as assets held for sale	Carrying amount 30-Jun-10
-	7,555	5,595	600	-	6,195	1,360	-	1,360
Accumulated depreciation reversal	Cost/ revaluation 30-Jun-11	Accumulated depreciation 1-Jul-10	Current year depreciation	Accumulated depreciation reversal	Accumulated depreciation 30-Jun-11	Carrying amount prior to transfer of assets held for sale 30-Jun-11	Less transfer of assets classified as assets held for sale	Carrying amount 30-Jun-11
-	-	-	-	-	-	-	-	-
-	221,986	-	-	-	-	221,986	-	221,986
-	338,137	100,733	14,686	(9,808)	105,611	232,526	-	232,526
-	283,220	195,913	24,046	(1,301,893)	(1,081,934)	1,365,154	-	1,365,154
-	19,796,413	8,965,519	2,217,093	(1,217,419)	9,965,193	9,831,220	-	9,831,220
-	6,950,858	173,387	650,710	(38,215)	5,785,882	1,164,976	-	1,164,976
-	1,001,364	794,734	8,778	(14,528)	788,984	212,380	-	212,380
-	1	(31,097)	-	-	(31,097)	31,098	-	31,098
-	28,591,979	15,199,189	2,915,313	(2,581,863)	15,532,639	13,059,340	-	13,059,340
Accumulated depreciation reversal	Cost / revaluation 30-Jun -10	Accumulated depreciation 1-Jul-09	Current year depreciation	Accumulated depreciation reversal	Accumulated depreciation 30-Jun-10	Carrying amount prior to transfer of assets held for sale 30-Jun-10	Less transfer of assets classified as assets held for sale	Carrying amount 30-Jun-10
-	20,617,942	-	-	-	-	20,617,942	20,617,942	-
-	6,493,219	-	-	-	-	6,493,219	6,343,219	150,000
(26,142)	1,253,684	82,697	44,178	(26,142)	100,733	1,152,951	931,091	221,860
-	5,531,765	865,665	377,151	(105,165)	1,137,651	4,394,114	4,302,666	91,448
-	22,931,737	9,963,921	2,605,828	(2,554,024)	10,015,725	12,916,012	604,092	12,311,920
-	8,904,126	5,966,322	1,021,414	(1,068,257)	5,919,479	2,984,647	324,124	2,660,523
-	1,253,613	855,783	130,249	(3,583)	982,449	271,164	38,110	233,054
-	1	-	-	(31,097)	(31,097)	31,098	-	31,098
(26,142)	66,986,087	17,734,388	4,178,820	(3,788,268)	18,124,940	48,861,147	33,161,244	15,699,903

24. Reconciliation of Surplus to Cash Flow from Operating Activities

	Parent		Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Surplus After Tax	9,823,209	2,545,076	(784,129)	918,600
Add / (Less) Non-Cash Items				
Depreciation & Amortisation	950	600	3,253,173	3,610,611
Deferred Tax Asset	-	-	1,902,453	-
Interest Capitalised	(115,282)	(117,075)	-	-
Impairment of Investment	734,436	1,200,000	-	-
Impairment of Asset	-	-	-	129,276
Interest Rate Swap	(34,106)	(53,708)	(121,645)	(153,133)
Net Other (Gain) / Losses	(7,429,015)	-	(353,926)	(374,848)
	2,980,192	3,574,893	3,895,926	4,130,506
Add / (Less) Movements in Working Capital				
Trade & Other Receivables	(1,404,468)	223,265	(1,600,458)	4,334,695
Inventory & Work in Progress	-	-	840,418	1,490,013
Trade & Other Payables	173,574	(68,838)	28,373	(2,583,332)
Employee Benefit Entitlements	3,081	(9,156)	(18,315)	(612,898)
Taxation Receivable	20,548	-	48,646	237,268
Deferred Taxation	(15,906)	(25,495)	(15,907)	(1,196,456)
	1,757,022	3,694,669	3,178,684	5,799,796
Net Cash Flows from Operating Activities	1,757,022	3,694,669	3,178,684	5,799,796

25. Financial Instruments

The accounting policies for financial instruments have been applied to the items below:

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Loans & Receivables				
Cash & Cash Equivalents	551,637	2,216,066	679,015	2,869,850
Cash & Cash Equivalents - Discontinued operation	-	-	13,814,033	2,776,598
Trade & Other Receivables	1,427,604	23,136	9,274,645	7,753,807
Trade & Other Receivables - Discontinued operation	-	-	3,053,095	3,144,978
Tax Receivable	-	20,548	4,198,850	48,805
Other Financial Assets:				
- short term deposits	15,115,479	756,545	15,115,479	756,545
- loan to SICON Limited	360,004	1,900,000	-	-
- loan to Ferguson Brothers Limited	-	2,421,448	-	-
Total Loans and Receivables	17,454,723	7,337,743	46,122,294	21,536,632
Fair Value through Other Comprehensive Income				
Other Financial Assets:				
- Subsidiaries	39,066,423	49,595,447	-	-
- Orion New Zealand Limited shares	67,788,000	65,270,000	67,788,000	65,270,000
Total Fair Value through Other Comprehensive Income	106,854,423	114,865,447	67,788,000	65,270,000
Financial Liabilities				
Financial Liabilities at amortised cost				
Trade and Other Payables	4,055,500	4,281,926	8,419,063	8,305,062
Trade and Other Payables - Discontinued operation	-	-	1,181,836	2,613,523
Borrowings:				
- Bank Overdrafts	-	-	70,656	4,079,343
- Secured Loans	625,000	1,125,000	6,945,250	5,246,250
- Finance Leases	-	-	306,899	517,918
Total Financial Liabilities at amortised Cost	4,680,500	5,406,926	16,918,883	20,762,096
Fair Value through Profit or Loss				
Interest Rate Swap	7,307	41,413	189,964	311,607
Total Fair Value through Profit or Loss	7,307	41,413	189,964	311,607

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
30 June 2011				
Financial Assets				
Investments - Parent	106,854,423	-	-	106,854,423
Investments - Group	67,788,000	-	-	67,788,000
Financial Liabilities				
Derivatives - Parent	7,307	-	7,307	-
Derivatives - Group	189,964	-	189,964	-
30 June 2010				
Financial Assets				
Investments - Parent	114,865,447	-	-	114,865,447
Investments - Group	65,270,000	-	-	65,270,000
Financial Liabilities				
Derivatives - Parent	41,413	-	41,413	-
Derivatives - Group	311,607	-	311,607	-

Nature of activities and management policies

The nature of activities and management policies with respect to financial instruments are:

Credit Risk

In the normal course of its business, the parent company and its subsidiaries (SICON Limited, Selwyn Plantation Board Limited and Ferguson Brothers Limited) incurs credit risk from trade and other receivables and financial institutions.

The maximum exposure to credit risk at balance date is the fair value of the financial instruments as stated in the Statement of Financial Position.

Significant concentrations of credit risk apply principally in respect of cash, dividends receivable and trade & other receivables. Selwyn Investment Holdings Limited, SICON Limited, Ferguson Brothers Limited and Selwyn Plantation Board Limited reduce the risk by investing with high credit rating institutions. The major concentration of credit risk for SICON Limited with respect to trade and other receivables relate to local and government authorities. This risk is considered minimal.

SIHL and group entities maximum credit exposure for each class of financial instruments is shown above under loans and receivables.

Selwyn Investment Holdings Limited has provided a guarantee to the ANZ National Bank Limited in relation to Ferguson Brothers Limited's Interchangeable banking facility, limited to \$1,125,000 plus interest, costs and other amounts (2010: \$1,125,000).

Liquidity Risk

Liquidity risk is the extent to which the group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the group maintains a target level of bank deposits that are on call or short term.

SICON Limited has a maximum amount that can be drawn down against their overdraft facility of \$50,000 (2010: \$50,000). There are no restrictions on the use of this facility.

Contractual Maturity Analysis of Financial liabilities

	Carrying Amount	Contractual CashFlows	Less than 1 Year	1 - 2 Years	2 - 5 Years	More than 5 Years
Parent 2011						
Trade and Other Payables	4,055,500	4,055,500	4,055,500	-	-	-
Bank Overdrafts	-	-	-	-	-	-
Secured Loans	625,000	648,559	517,950	130,609	-	-
Interest Rate Swaps	7,307	7,307	7,307	-	-	-
Finance Leases	-	-	-	-	-	-
Total	4,687,807	4,711,366	4,580,757	130,609	-	-
Parent 2010						
Trade and Other Payables	4,281,926	4,281,926	4,281,926	-	-	-
Bank Overdrafts	-	-	-	-	-	-
Secured Loans	1,125,000	1,191,084	518,550	537,100	135,434	-
Interest Rate Swaps	41,413	41,413	41,413	-	-	-
Finance Leases	-	-	-	-	-	-
Total	5,448,339	5,514,423	4,841,889	537,100	135,434	-
Group 2011						
Trade and Other Payables	8,414,241	8,414,241	8,414,241	-	-	-
Trade and Other Payables - Discontinued operation	1,181,836	1,181,836	1,181,836	-	-	-
Bank Overdrafts	70,656	70,656	70,656	-	-	-
Secured Loans (net)	6,945,250	7,093,809	6,963,200	130,609	-	-
Interest Rate Swaps	189,964	189,964	189,964	-	-	-
Finance Leases	306,899	335,344	222,043	113,300	-	-
Total	17,108,847	17,285,851	17,041,941	243,910	-	-
Group 2010						
Trade and Other Payables	8,305,062	8,305,062	8,305,062	-	-	-
Trade and Other Payables - Discontinued operation	2,613,523	2,613,523	2,613,523	-	-	-
Bank Overdrafts	4,079,343	4,079,343	4,079,343	-	-	-
Secured Loans (net)	5,246,250	5,312,334	4,639,800	537,100	135,434	-
Interest Rate Swaps	311,607	311,607	311,607	-	-	-
Finance Leases	517,918	575,172	306,767	207,512	55,893	-
Total	21,073,703	21,197,041	20,256,102	744,612	191,327	-

Currency Risk

Selwyn Investment Holdings Limited and its subsidiaries (SICON Limited, Selwyn Plantation Board Limited and Ferguson Brothers Limited) have no direct currency risk, given that all financial instruments are dealt with in New Zealand dollars.

Interest Rate Risk

SICON Limited and Ferguson Brothers Limited are subject to fluctuations in the market interest rate in relation to the term loan.

Credit Facilities

SICON Limited has a total committed cash advance facility of \$3,600,000 (2010: \$3,600,000). Ferguson Brothers Limited has a flexible credit facility of \$2,700,000 (2010: \$2,700,000) apportioned between the overdraft and flexible credit facility.

Fair Value

The fair value of financial instruments is equivalent to the carrying amount as stated in the Statement of Financial Position.

Sensitivity Analysis

Parent

Cash & Cash Equivalents

Cash and cash equivalents include no deposits on call (2010: \$nil) which are at floating rates.

SICON Limited

Loans and receivables includes a loan to SICON \$360,004 (2010: this was a loan to KB Irrigation Limited of \$1,900,000, prior to the amalgamation of KB Irrigation and SICON Limited - see Note 32). At balance date, a movement in interest rates of plus or minus 1.0% would have an effect on interest income of 3,600 (2010: \$19,000).

Group

Cash & Cash Equivalents

Cash and cash equivalents include deposits at call totalling \$15,794,493 (2010: \$3,506,545) which are at floating rates. At balance date, a movement in interest rates of plus or minus 1.0% would have an effect on interest income of \$157,945 (2010: \$35,065).

Bank Overdrafts

Bank overdraft / interchangeable facility totalling \$70,656 (2010: \$4,079,343) are at floating interest rates. At balance date, a movement in interest rates of plus or minus 1% would have an effect on interest expense of \$707 (2010: \$40,793).

Secured Loans

Secured loans totalling \$6,945,250 (2010: \$5,246,250) are at floating interest rates. At balance date, a movement in interest rates of plus or minus 1% would have an effect on interest expense of \$69,453 (2010: \$52,463).

26. Transactions with Related Parties

Transactions with related parties are detailed below

Selwyn District Council

During the reporting period Selwyn Investment Holdings Limited entered into normal commercial transactions with Selwyn District Council.

	2011	2010
Dividend declared for the year	\$3,600,000	\$4,000,000
At balance date - owed money on suspense account	\$424,187	\$236,794
At balance date - dividend payable	\$3,600,000	\$4,000,000
Tax losses transferred	\$124,329	\$0

Ferguson Brothers Limited

During the reporting period Selwyn Investment Holdings Limited entered into the following transactions with Ferguson Brothers Limited. Selwyn Investment Holdings Limited had:

	2011	2010
Interest received	\$128,074	\$172,511
At balance date - interest receivable	\$0	\$0
At balance date - loan receivable	\$0	\$2,421,448
Converted loans to share capital	\$2,536,730	\$0
Was issued new share capital	\$286,329	\$0

SICON Limited

During the reporting period Selwyn Investment Holdings Limited entered into the following transactions with SICON Limited. Selwyn Investment Holdings Limited had:

	2011	2010
Was issued new share capital	\$1,539,996	\$0

Selwyn Plantation Board Limited

During the reporting period Selwyn Investment Holdings Limited entered into the following transactions with Selwyn Plantation Board Limited. Selwyn Investment Holdings Limited had:

	2011	2010
Was repaid share capital	\$15,845,436	\$0

Other Selwyn District Council Transactions with Related Parties

The Selwyn District Council entered into the following transactions with SICON Limited. SICON Limited had:

	2011	2010
Received income from the Council	\$8,497,690	\$10,665,796
Paid expenses to the Council	\$390,601	\$360,040
At balance date - owed money to the Council	\$81,948	\$41,854
At balance date - was owed money from the Council	\$1,851,963	\$1,409,726

Financial statements

The Selwyn District Council entered into the following transactions with Selwyn Plantation Board Limited.

Selwyn Plantation Board Limited had:

	2011	2010
Received income from the Council	\$7,878,005	\$0
Paid expenses to the Council	\$116,095	\$78,439
At balance date - owed money to the Council	\$82,857	\$0
At balance date - was owed money from the Council	\$0	\$0

Other Related Party Transactions between Group Entities

The Selwyn Plantation Board Limited entered into the following transactions with SICON Limited.

Selwyn Plantation Board Limited had:

	2011	2010
Paid for services	\$6,657	\$14,670
At balance date - owed money to SICON Limited	\$0	\$1,433
At balance date - was owed money from SICON Limited	\$541	\$0

SICON Limited entered into the following transactions with Ferguson Brothers Limited.

SICON Limited had:

	2011	2010
Paid for services	\$0	\$15,455
Received money for services	\$28,955	\$27,580
At balance date - was owed money from Ferguson Brothers Limited	\$862	\$4,328

Other Transactions with Related Parties

During the year Directors, as part of a normal customer relationship, may have been involved in minor transactions with Selwyn District Council (such as payments of rates, purchase of rubbish bags etc).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2010: \$nil).

Key Management Personnel Compensation

	2011	2010
Director Fees	\$134,000	\$128,000
Short-term employee benefits	\$191,125	\$183,221
Total	\$325,125	\$311,221

Key Management personnel were determined to be the Directors and Chief Executive Officer.

27. Statement of Commitments

The parent company has no capital commitments as at 30 June 2011 (2010: \$nil).

SICON Limited has \$651,700 capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment of (2010: \$nil).

Selwyn Plantation Board Limited has no capital commitments as at 30 June 2011 (2010: \$nil).

Ferguson Brothers Limited has capital expenditure of \$285,535 contracted for at balance date but not yet incurred (2010: \$nil).

The Group entities lease property, plant and equipment in the normal course of business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Non-cancellable Operating Leases as Lessee				
Not later than one year	-	-	723,802	961,146
Later than one year and not later than five years	-	-	807,475	1,044,167
Later than five years	-	-	-	-
Total Non-cancellable Operating Leases	-	-	1,531,277	2,005,313

Leases can be renewed at the group entities options.

28. Statement of Contingencies

The parent company and group have no contingent assets as at 30 June 2011 (2010: \$nil).

Other than the guarantee to the ANZ National Bank Limited in relation to Ferguson Brothers Limited's Interchangeable banking facility (as set out in Note 25), the parent company has no contingent liabilities as at 30 June 2011 (2010: \$nil).

Selwyn Plantation Board Limited has no contingent liabilities as at 30 June 2011 (2010: \$nil).

SICON Limited is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, SICON could be responsible for the entire deficit of the Scheme. Similarly if a number of employers ceased to participate in the Scheme, SICON could be responsible for an increased share of the deficit.

The fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

From time to time SICON Limited and Ferguson Brothers Limited have performance bonds and bonds in lieu of retention to third parties. \$1,363,501 was committed to as at 30 June 2011 (2010: \$1,341,111).

29. Events Subsequent to Balance Date

Parent

There have been no other events subsequent to balance date that have an impact on these financial statements (2010: \$nil).

Group Entities

Selwyn Plantation Board Limited is in the process of selling all its assets and is actively negotiating the sale and settlement of several properties and its forest asset. Since balance date, titles for four properties have been issued enabling settlement of these properties to be completed in July 2011. The Government's Forestry Allocation Plan has been finalised and SPBL is now in the process of claiming its allocation of pre 1990 carbon credits. This initial allocation is in the form of NZU's which should be transferred to the company's account by 31 December 2012.

30. Construction Contracts (Group)

For contracts in progress as at 30 June:

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Contract Costs Incurred	-	-	1,525,781	891,253
Recognised Profits/(Losses)	-	-	(10,068)	10,055
Progress Billings	-	-	1,515,713	901,308
Gross Amounts Due From Customers	-	-	389,378	323,081
Retentions Receivable	-	-	146,892	19,662

31. Capital Management

Selwyn Investment Holdings Limited (SIHL) capital is its issued and paid up capital and retained earnings. Equity is represented by net assets as disclosed in the statement of financial position. The company prudently manages its revenue, expenses, assets and liabilities and day to day financial transactions. The purpose of managing SIHL's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

32. KB Irrigation Limited Amalgamation

KB Irrigation Limited amalgamated with SICON Limited with effect from 1 July 2010 and no longer exists. The companies were amalgamated under Part 13 of the Companies Act 1993. KBI's ongoing commitments, assets and liabilities were transferred into SICON's accounts as at July 1 2010. Pursuant to the amalgamation, SIHL was issued with \$1,539,996 of new share capital in SICON Limited.

33. Assets Held for Sale

	Group	Group
	2011	2010
	\$	\$
Farm Land	4,355,126	23,200,575
Other Land	5,740,328	6,343,219
Buildings	1,945	1,304,662
Improvements	1,739,119	4,546,463
Plant and Machinery	437	628,863
Motor Vehicles	36,484	330,968
Furniture and Equipment	17,698	38,110
	11,891,137	36,392,860
Plus Forestry Assets	23,445,642	22,198,995
Less estimated costs of sale	(97,452)	(230,699)
	35,239,327	58,361,156

Assets Held for Sale have been included within Discontinued operation (see Note 34) under Current Assets in the SIHL Group's Statement of Financial Position.

34. Discontinued Operation

	Parent		Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Profits / (Losses) attributable to the discontinued operations				
Operating Revenue	-	-	11,489,510	16,037,011
Interest Received	-	-	827,420	334,924
Other gains / (Losses)	-	-	4,786,555	4,101,732
	-	-	17,103,485	20,473,667
Operating Expenses	-	-	11,521,069	20,945,827
Depreciation, Ammortisation and Impairment	-	-	-	721,677
Finance Costs	-	-	30	4,873
	-	-	11,521,099	21,672,377
Surplus / (Deficit) Before Tax	-	-	5,582,386	(1,198,710)
Taxation Expense / (Benefit)	-	-	1,239,559	1,393,860
Surplus / (Deficit) After Tax	-	-	4,342,828	(2,592,570)
Other Comprehensive Income:				
Property, Plant & Equipment Revaluation Gains	-	-	-	(3,663,662)
Deferred Tax thereon	-	-	-	(53)
	-	-	-	(3,663,715)
Total Comprehensive Income	-	-	4,342,828	(6,256,285)

Cash flows from Discontinued operation

	Group	
	2011	2010
	\$	\$
Opening Cash Balance	2,776,598	(957,896)
Net Cash Flows from Operating Activities	2,845,458	2,343,283
Net Cash Flows from Investing Activities	34,305,088	1,391,211
Net Cash Flows from Financing Activities - Share Capital Repayment	(26,113,111)	-
Closing Cash Balance	13,814,033	2,776,598

Impact of Discontinued operation on the financial position of the group

	Group 2011 \$	Group 2010 \$
<i>Other Current Assets relating to Discontinued operation:</i>		
Cash & Cash Equivalents	13,814,033	2,776,598
Trade & Other Receivables	3,053,095	3,144,978
Inventory and Work in Progress	-	149,679
Intangible Assets	5,088	11,127
Other Financial Assets	1,000	7,364,726
	16,873,216	13,447,108
<i>Other Current Liabilities relating to Discontinued operation:</i>		
Trade & Other Payables	1,181,836	2,613,523
Employee Benefits Liabilities	82,024	253,418
Provisions	16,623	139,108
	1,280,483	3,006,049

35. Statement of Service Performance (Parent)

Following is an analysis of performance relative to the financial performance targets outlined in the company's Statement of Intent for the year ended 30 June 2011:

	Actual 2010/11 \$	Target / Budget 2010/11 \$
Surplus / (deficit) before tax and impairments	10,541,739	4,053,352
Surplus / (deficit) after tax	9,823,209	4,042,505
Proposed dividend	3,600,000	3,600,000
Debt/total assets	0.5%	0.6%
Return on total assets	7.9%	4.1%
Return to shareholders' funds	8.2%	4.2%

The definition of Return is "Surplus / (deficit) before taxation charge".

Five Year Trends (Parent)

	2011 \$	2010 \$	2009 \$	2008 \$	2007 \$
Operating Revenue	11,130,085	4,266,718	5,500,074	5,841,718	7,086,342
Surplus Before Tax	9,807,304	2,524,121	1,844,036	4,599,169	6,581,001
Surplus After Tax	9,823,209	2,545,076	1,995,703	4,626,508	6,576,771
Proposed Dividend	3,600,000	4,000,000	4,203,482	4,660,610	5,919,093
Special Dividend Paid	0	0	0	0	0
Total Return to Shareholder	3,600,000	4,000,000	4,203,482	4,660,610	5,919,093
Total Assets	124,537,981	122,415,070	120,312,727	117,935,347	109,894,825
Total Equity	119,836,691	116,956,330	116,018,807	113,108,586	106,887,668
Return on Total Assets	7.9%	2.1%	1.5%	3.9%	6.0%
Return on Equity	8.2%	2.2%	1.6%	4.1%	6.2%

The definition of Return is "Surplus / (deficit) before taxation charge".

Independent Auditor's Report
To the readers of
Selwyn Investment Holdings Limited and group's
financial statements and statement of service performance
for the year ended 30 June 2011

The Auditor General is the auditor of Selwyn Investment Holdings Limited (the company) and group. The Auditor General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 20 to 68, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the company and group on page 68.

Opinion on the financial statements and the statement of service performance

In our opinion:

- the financial statements of the company and group on pages 20 to 68:
 - comply with generally accepted accounting practice in New Zealand;
 - give a true and fair view of the company and group's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company and group on page 68:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2011.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 19 September 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company and group's financial position, financial performance and cash flows; and
- give a true and fair view of the company and group's service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.



Ian Lothian

Audit New Zealand

On behalf of the Auditor General

Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Selwyn Investment Holdings Limited and group (the SIHL group) for the year ended 30 June 2011 included on the SIHL group's website. The SIHL group's Board is responsible for the maintenance and integrity of the SIHL group's website. We have not been engaged to report on the integrity of the SIHL group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and the related audit report dated 19 September 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



PO Box 2935
Christchurch 8140

Tel: (03) 366 5601
Fax: (03) 366 5608

email: info@sihl.co.nz
web: www.sihl.co.nz