

ALLIED **FARMERS**

SINCE 1889

FY22 AUDITED FINANCIAL STATEMENTS

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Listed on:



Consolidated Profit and Loss Statement

For the Year ending 30 June 2022

	Note	Group	
		2022	2021
		\$000	\$000
			Restated
Commission and fee income	A1	15,057	14,991
Sale of goods	A1	9,292	7,547
Interest income	A1	630	630
Other Income	A1	215	31
Equity Accounted Earnings NZRLM	A1	1,624	1,152
Total Income		26,818	24,351
Cost of goods sold	A1	(7,271)	(6,823)
Personnel expenses	A1	(10,146)	(9,583)
Depreciation and amortisation	A1	(892)	(827)
Rental and operating leases	A1	(3)	-
Operating expenses	A1	(4,658)	(4,248)
Total Expenses		(22,970)	(21,481)
Finance Costs	A1	(292)	(389)
Profit before tax		3,556	2,481
Income tax (expense) / benefit	A2	(24)	95
Profit after tax		3,532	2,576
Total comprehensive income		3,532	2,576
Profit attributable to:			
Shareholders of Allied Farmers Limited ('Allied')		2,876	2,021
Minority shareholders of NZ Farmers Livestock Limited ('NZFL')		656	555
Allied Earnings per share (cents) - Basic and Diluted		9.98	8.57
Weighted average number of shares - Basic and Diluted (000's)		28,807	23,578

Consolidated Statement of other Comprehensive Income

For the Year ending 30 June 2022

		Group	
		2022	2021
		\$000	\$000
Profit after tax		3,532	2,576
Change in value of investment in equity securities	C2	(53)	(135)
Total comprehensive income		3,479	2,441

Consolidated Statement of Cash Flows

For the Year ending 30 June 2022

	Note	Group	
		2022	2021
		\$000	\$000
Cash flows from/(to) operating activities			Restated
Cash receipts from customers		24,758	23,931
Interest received		630	631
Distribution from NZRLM		625	350
Cash paid to suppliers and employees		(22,185)	(20,235)
Interest paid		(292)	(389)
Income tax (paid)/received		(97)	213
Net cash flow from operating activities		3,439	4,501
Cash flows from/(to) investing activities			
Decrease (Increase) in finance receivables NZ Farmers Livestock Finance Ltd/Rural Financial SolutionNZ Ltd		2,326	(1,559)
Acquisition of New Zealand Rural Land Company Limited shares		(1,484)	(1,130)
Purchase of shares in NZ Farmers Livestock Ltd		(12)	(28)
Net disposal/(acquisition) of intangibles, property, plant and equipment		124	(149)
Net cash flow from/(used in) investing activities		954	(2,866)
Cash flows from/(to) financing activities			
Repayment livestock trading borrowings		(1,115)	(448)
Repayment of finance receivables borrowings		(925)	(301)
Repayment of bond		(1,000)	-
Rights Issue of shares in Allied Farmers Limited		-	2,686
Dividends paid to Minority Shareholders in Subsidiaries		(535)	(418)
Lease principal repayments		(813)	(698)
Net cash flow used in financing activities		(4,388)	821
Net movement in cash and cash equivalents		5	2,456
Opening cash and cash equivalents		4,542	2,086
Closing cash and cash equivalents	B4	4,547	4,542
Reconciliation of Profit to Cash Surplus from Operating Activities			
Profit for the year		3,532	2,576
<i>Adjustments for items not involving cash flows:</i>			
Impairment on receivables		41	41
(Profit)/loss on sale of assets		(31)	(17)
Depreciation		892	827
(Increase) Decrease in Deferred Tax		(40)	(163)
Movement in Investments		-	(667)
Other - including non cash items		(979)	14
		(117)	35
Movement in trade and other receivables		267	1,632
Movement in inventories		(23)	245
Movement in trade, other payables and employee benefits		(188)	(200)
Movement in taxation		(32)	213
Cash flow from operating Activities		3,439	4,501

Acquisition of Property, Plant and Equipment includes Motor Vehicles purchased at the end of lease contracts.

Allied Farmers Group

Consolidated Balance Sheet
As at 30 June 2022

		Group	
	Note	2022	2021
		\$000	\$000
Equity			
Share capital	B2	158,204	158,204
Accumulated Losses		(143,743)	(146,566)
Equity attributable to owners of the Parent		14,462	11,638
Non-controlling interests	B3	2,042	1,933
Total equity		16,504	13,571
Liabilities			
Trade and other payables	B7	10,849	11,452
Employee benefits		1,515	1,100
Income tax payable		7	39
Finance receivables bank borrowings	B5	-	300
Bank borrowings and bonds	B5	-	1,447
Lease liabilities	B6	761	599
Total current liabilities		13,132	14,937
Bank borrowings and bonds	B5	-	669
Finance receivables bank borrowings	B5	-	625
Lease Liabilities	B6	1,377	1,534
Total non-current liabilities		1,377	2,828
Total liabilities		14,509	17,765
Total liabilities and equity		31,012	31,336
Assets			
Cash and cash equivalents	B4	4,547	4,542
Trade Receivables	C1	9,830	10,116
Inventories		74	51
Finance receivables	C1	2,830	5,142
Other receivables		292	246
Total current assets		17,573	20,097
Deferred tax assets	A2	993	953
Goodwill	D2	742	742
Intangible asset - computer software		115	271
Investment - New Zealand Rural Land Management GP Limited	C2	3,665	3,302
Investment - New Zealand Rural Land Company	C2	3,103	990
Investments - Other	C2	2	5
Property - owned	C3	2,932	2,997
Property - right of use assets	C3	1,887	1,979
Total non-current assets		13,440	11,239
Total assets		31,012	31,336
Net Tangible Assets per Share - attributable to Allied (\$ per share)		0.48	0.38

Note: net tangible assets is calculated as equity attributable to Allied from which is deducted goodwill and intangible assets

Consolidated Statement of Changes in Equity

For the Year ending 30 June 2022

Group	Share Capital	Accumulated losses	Revaluation Reserve	Allied Shareholders Interests	Minority Shareholders Interests	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2020	153,018	(148,210)	-	4,808	1,582	6,390
Profit after tax for the year	-	2,021	-	2,021	555	2,576
Revaluation of Equity Securities	-	-	(135)	(135)	-	(135)
Total comprehensive income for the period	-	2,021	(135)	1,886	555	2,441
Dividends paid	-	(214)	-	(214)	(204)	(418)
AFL Purchase Minority Shareholders Shares	-	(28)	-	(28)	-	(28)
AFL Shares issued in purchase of New Zealand Rural Land Management Limited Partnership	2,500	-	-	2,500	-	2,500
Pro rata renounceable rights issue	2,686	-	-	2,686	-	2,686
Total transactions with owners	5,186	(242)	-	4,944	(204)	4,740
Balance at 30 June 2021	158,204	(146,431)	(135)	11,638	1,933	13,571
Balance at 1 July 2021	158,204	(146,431)	(135)	11,638	1,933	13,571
Profit after tax for the year	-	2,876	-	2,876	656	3,532
Revaluation of Equity Securities (refer Note C2)	-	-	(53)	(53)	-	(53)
Total comprehensive income for the period	-	2,876	(53)	2,823	656	3,479
Dividends paid to Minority Interests	-	-	-	-	(535)	(535)
AFL purchase Minority Shareholders Shares	-	-	-	-	(12)	(12)
Total transactions with owners	-	-	-	-	(547)	(547)
Balance at 30 June 2022	158,204	(143,555)	(188)	14,461	2,042	16,503

Allied Farmers Group

A Financial performance

In this section

This section explains the financial performance of the Group providing additional information about individual items in the Profit and Loss Statement, including:

- the key operating segment information regularly reported to and reviewed by the Directors.
- accounting policies, judgements and estimates that are relevant for understanding items recognised in the Profit and Loss Statement and Balance Sheet.

A1 How we operate and generate returns for shareholders

Livestock services: An agency business facilitating livestock transactions and the procurement and export of veal.

Financial services: Providing and referring livestock finance to farmer clients.

Rural Land Management: Investment in New Zealand Rural Land Management Limited Partnership the contracted asset manager of New Zealand Rural Land Company Limited.

Parent operations: The ultimate holding company for Allied Group's investments and governance activity for the Group.

Segment information

	Group									
	Livestock Services		Financial Services		Rural Land Management		Parent Operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Commission and fee income	15,057	14,991	-	-	-	-	-	-	15,057	14,991
Sale of goods	9,292	7,547	-	-	-	-	-	9,292	7,547	
Interest income	216	187	414	443	-	-	-	630	630	
Other Income *	158	31	15	-	-	-	42	215	31	
Equity Accounted Earnings NZRLM	-	-	-	-	1,624	1,152	-	-	1,624	1,152
Total Income	24,723	22,756	429	443	1,624	1,152	42	-	26,818	24,351
Cost of goods sold	7,271	6,823	-	-	-	-	-	-	7,271	6,823
Personnel expenses	10,024	9,442	46	46	-	-	76	95	10,146	9,583
Depreciation and amortisation	892	827	-	-	-	-	-	-	892	827
Rental and operating leases	3	-	-	-	-	-	-	-	3	-
Operating expenses	3,934	3,518	77	86	-	-	647	644	4,658	4,248
Total Expenses	22,124	20,610	123	132	-	-	723	739	22,970	21,481
Finance Costs	(140)	(195)	(134)	(121)	-	-	(18)	(73)	(292)	(389)
Profit/(loss) before tax	2,459	1,951	172	190	1,624	1,152	(699)	(812)	3,556	2,481
Income tax (expense) / benefit	-	-	-	-	-	-	-	-	(24)	95
Profit/(loss) after tax									3,532	2,576
Current Assets	14,300	14,450	2,830	5,142	-	-	443	505	17,573	20,097
Investments in NZRLC	-	-	-	-	-	-	3,103	990	3,103	990
Investment in Associates and Joint Ventures	-	-	-	-	3,665	3,302	-	-	3,665	3,302
Other Non-Current Assets	6,571	6,847	100	100	-	-	-	-	6,671	6,947
Assets	20,871	21,297	2,930	5,242	3,665	3,302	3,546	1,495	31,012	31,335
Current Liabilities	13,029	13,345	-	351	-	-	103	1,241	13,132	14,937
Non-Current Liabilities	1,377	2,203	-	625	-	-	-	-	1,377	2,828
Liabilities	14,406	15,548	-	976	-	-	103	1,241	14,509	17,765
Additions of Property, Plant and Equipment, and Right of Use assets	771	1,607	-	-	-	-	-	-	771	1,607

* Other Income includes Covid 19 Wage and Resurgence Subsidy payments \$117,686

Measurement and Recognition

Commission income on facilitating a livestock sale agreement, grazing agreement or forward livestock sale agreement is recognised when the sale is agreed by a vendor and purchaser. The Group is acting as an agent as it doesn't have inventory risk and isn't able to set a price.

The Group reassessed the reporting of revenue from its subsidiaries and joint operations during the year ended 30 June 2022. As a result the Group has aligned the reporting of livestock related income across all businesses including joint operations to ensure consistent treatment. The effect of this has been to increase commission and fee income by \$2.2m (2021: \$2.1m), personnel expenses by \$1.6m (2021: \$1.5m) and operating expenses by \$0.5m (2021: \$0.5m) with no change to reported profit for both years. Consequently the comparative period Profit and Loss Statement and Statement of Cash Flows has been both been restated to ensure consistency of reporting.

Forward delivery contracts in relation to herd sales on which commission income is earned contain an element of variable consideration due to the timeframe between when the sale is agreed and its completion. At year end the variable consideration is taken account of in the revenue recognised.

Sale of goods (veal meat and skins) revenue is recognised once goods are delivered to the customer. The Group is deemed a principal, rather than an agent, as it holds inventory risk.

Fee income relates to RFID scanning fees, yard fees charged at saleyards and valuation fees. The income is recognised when livestock are scanned, a sale is agreed within the auction or when the livestock are weighed. The Group is acting as a principal as it is primarily responsible for the service rendered and is able to set a price.

Finance receivables interest income is recognised using the effective interest method. The calculation of the effective interest rate includes all fees that are integral to the effective interest rate. All fees except those charged to customer accounts in arrears are considered to be integral to the effective interest rate. Fees charged to customer accounts in arrears are recognised as income at the time the fees are charged.

The shares in New Zealand Rural Land Company Limited are equity investments quoted in an active market which the Group has elected to designate as a financial asset at fair value through Other Comprehensive Income. The fair value of these shares at 30 June 2022 is \$3,103,000 (2021: \$990,000). The Company also owns a 50% interest in NZ Rural Land Management Partnership ('NZRLM'). NZRLM is the external manager of New Zealand Rural Land Company Limited. The Group has determined that it has significant influence but not control over NZRLM. Accordingly, the Group applies the equity method of accounting to its investment in NZRLM. Under the equity method the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investors share of the profit or loss of the investee after the date of acquisition.

A2 Taxation

	Group	
	2022	2021
	\$000	\$000
Income tax using the company's tax rate (28%)	996	695
Expenditure not deductible for tax	3	3
Other permanent differences	202	-
Temporary differences	57	18
Recognition of deferred tax asset	(40)	(163)
Use of Group tax losses	(1,194)	(648)
Income tax expense (benefit)	24	(95)

Measurement & Recognition

Income tax expense is the income tax assessed on taxable profit for the year. Taxable profit differs from profit before tax reported in the statement of comprehensive income as it excludes items of income and expense that are taxable or deductible in future years (i.e. deferred tax) and also excludes items that will never be taxable or deductible.

Deferred Tax

Movement in temporary differences during the year

	Opening balance	Recognised in income	Closing Balance
	\$000	\$000	\$000
2022	Property, plant and equipment	-	-
	Financial receivable credit loss provision	36	12
	Employee benefits	205	46
	Tax loss carry forward	712	(18)
	953	40	993
2021	Financial receivable credit loss provision	20	16
	Employee benefits	204	1
	Tax loss carry forward	566	146
		790	163

Group unrecognised deferred tax assets comprise unused tax losses as at 30 June 2022 total \$36,288,403 gross (2021: \$40,568,976). The ability to utilise tax losses, given the age of the losses, is dependent upon continuing to meet shareholder continuity requirements of prevailing income tax legislation.

As at balance date imputation credits available to the shareholders of only the Parent Company in subsequent periods totalled \$89,248 (2021: \$89,248).

Key Judgement:

A deferred tax asset is recognised to the extent it is probable that future taxable profits will be available to use the asset. This is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the asset. The level of losses recognised reflects management's expectations of recurring levels of taxable profitability for approximately the next two years.

Measurement and Recognition:

Deferred tax is income tax that is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences. These arise from differences in the recognition of assets and liabilities for financial reporting and for the filing of income tax returns. Deferred tax is recognised on all temporary differences, other than those arising from goodwill and the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when a liability is settled or an asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

B. Funding and Related Financial Risks

In this section

This section explains how the Allied Group manages its various funding sources including capital structure and debt. It also explains the financial risks that the Group faces and how these risks are managed.

B1 Capital management

The Allied Group's capital includes share capital, accumulated losses and non controlling interests.

The Board manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares, sell assets, seek new debt funding, or adjust the amount of dividends paid to shareholders.

B2 Share Capital

Share capital (\$000)

Number of shares issued and fully paid (000's)

		Group	
		2022	2021
Share capital (\$000)		158,204	158,204
Balance at beginning of period		28,807	17,855
Issue of ordinary shares	C2	-	5,000
Pro rata renounceable rights issue		-	5,952
Balance at end of year		28,807	28,807

All ordinary shares rank equally as to voting, dividends and distribution of capital on liquidation.

B3 Non-controlling interests

The Allied Farmer Group's non controlling interests arise from minority interests held by other shareholders in NZ Farmers Livestock Limited and further non-controlling interests held by shareholder other than NZ Farmers Livestock Limited in its controlled subsidiary, Redshaw Livestock Limited.

The following summary financial information of the NZFL Group is provided to assist in understanding the significance of external shareholders interests in the group's reported position and performance. This information is presented before intercompany eliminations.

		NZFL and Subsidiaries	
		2022	2021
Summary financial results		\$000	\$000
Revenue		25,071	23,199
Profit and total comprehensive income		2,549	2,141
Summarised balance sheet			
Current assets		16,894	19,592
Non-current assets		6,631	6,947
Current liabilities		(13,029)	(13,696)
Non-current liabilities		(1,377)	(2,828)
Net assets		9,119	10,015

B4 Cash and cash equivalents

		Group	
		2022	2021
		\$000	\$000
Cash and cash equivalents		5,547	5,442
Finance Receivables overdraft facility offset per agreement		(1,000)	(900)
Net cash and cash equivalents		4,547	4,542
Undrawn overdraft facilities		9,500	8,000

Cash is held at banks with a credit rating of A- or higher.

B5 Debt funding

		Group			
		Payable within 1 year	Payable after 1 year	Undrawn	Interest rate
		\$000	\$000	\$000	%
2022	Finance receivables bank borrowings	-	-	-	-
	Bank borrowings	-	-	-	-
	Bonds	-	-	-	-
	Total debt funding	-	-	-	-
2021	Finance receivables bank borrowings	300	625	-	4.35%
	Bank borrowings	447	669	-	4.35%
	Bonds	1,000	-	-	7.30%
	Total debt funding	1,747	1,294	-	

Measurement and recognition

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost (using the effective interest method). Fees for establishing new borrowings are spread over the term of those borrowings.

Allied Farmers Group

The borrowing facilities are secured, by way of a first ranking General Security Agreement and gross guarantee and indemnity, against the assets of NZ Farmers Livestock Limited, NZ Farmers Livestock Finance Limited and Farmers Meat Export Limited. The financial covenants under these facilities have been fully complied with during the year. All borrowings were repaid by 30 June 2022.

NZ Farmers Livestock Limited guarantees the bank overdraft of its subsidiary Redshaw Livestock up to \$338,000 (FY21: \$338,000), plus interest and costs.

Bonds of \$1,000,000 were issued by Allied Farmers Rural Limited on 30 September 2014. The Bonds were secured by way of a first charge General Security Agreement over all of the assets and undertakings of Allied Farmers Limited and subsidiaries excluding NZ Farmers Livestock Limited and subsidiaries and a specific security over the shares held by Allied Farmers Rural Limited in NZ Farmers Livestock Limited plus a guarantee from Allied Farmers Limited and subsidiaries. The Bonds were repaid on 30 September 2021.

B6 Lease liabilities

Group				
2022				
	Property	Motor Vehicles	Plant & Equipment	Total
	\$000	\$000	\$000	\$000
Opening	456	1,677	-	2,133
Leases entered into during the period	-	616	57	673
Interest expense	29	117	-	146
Principal repayments	(131)	(681)	-	(812)
	353	1,729	57	2,139
Current lease liabilities	94	655	13	761
Non-current lease liabilities	259	1,074	44	1,377

Group				
2021				
	Property	Motor Vehicles	Plant & Equipment	Total
	\$000	\$000	\$000	\$000
Opening	540	785	-	1,325
Leases entered into during the period	-	1,411	-	1,411
Interest expense	11	124	-	135
Principal repayments	(95)	(603)	-	(698)
Remeasurements	-	(40)	-	(40)
	456	1,677	-	2,133
Current lease liabilities	88	511	-	599
Non-current lease liabilities	368	1,166	-	1,534

Measurement and recognition

The above lease liabilities are in relation to leases of regional offices and the leases of Motor Vehicles.

The increase in motor vehicle leases in the current period is due to the inclusion of the residual buy back value included in new lease arrangements which management expects to exercise at the inception of the lease.

The Group recognises a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, The Group's incremental borrowing rate. The Groups incremental borrowing rate ranges between 6.0% to 9.95% (2021 6.98%) as the discount rate, with adjustments for the type and term of the lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases within operating expenses on a straight-line basis over their lease terms.

B7 Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations as they fall due.

Liquidity risk is reviewed on an ongoing basis and managed to meet requirements. Cash flow forecasting is performed in the operating entities of the Group and aggregated at Group level. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The amounts disclosed in the tables below show the contractual undiscounted cash flows (including interest) due on financial liabilities, so will not always reconcile to the amount disclosed on the statement of financial position. The amounts below also reflect the contractual repricing timing on financial liabilities, if applicable.

Allied Farmers Group

	Balance Sheet	Contractual	< 6 months	6 - 12 mths	1 - 5 yrs
	\$000	\$000	\$000	\$000	\$000
2022					
Trade and other payables	10,849	10,849	10,849	-	-
Finance receivables bank borrowings	-	-	-	-	-
Bank borrowings	-	-	-	-	-
Bonds	-	-	-	-	-
Lease liabilities	2,139	2,236	381	381	1,475
	12,988	13,085	11,229	381	1,475
2021					
Trade and other payables	11,452	11,452	11,452	-	-
Finance receivables borrowings	925	984	173	169	642
Bank borrowings	1,116	1,167	249	249	669
Bonds	1,000	1,018	1,018	-	-
Lease liabilities	2,133	1,707	340	316	1,051
	16,626	16,328	13,232	734	2,362

Interest Rate Risk

The Group is exposed to interest rate risk on movements in floating interest rates on bank borrowings. Finance receivables have fixed interest rates and generally a term of less than one year.

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

If market interest rates for bank borrowings were to increase or decrease by at least +/-1% (2021: +/-0.5%), the effect on net profit after tax and equity for the year as applied to year end balances would be as follows:

		Group	
		2022	2021
		\$000	\$000
Effect on net profit for the year / equity	+/-	-	10
B8 Net Interest income/(costs)			
		Group	
		2022	2021
		\$000	\$000
Interest received		630	630
Total interest income		630	630
Interest paid on borrowings		(128)	(143)
Interest paid on bonds		(18)	(73)
Lease interest		(146)	(173)
Total interest expenses		(292)	(389)
Net Interest income/(costs)		338	241

C. Our receivables, other assets and other payables

In this section

This section explains:

- The assets the Group is due to receive from third parties and the credit risk associated with these assets.
- The property and motor vehicles the Group owns and has a right to use under lease arrangements.
- The obligations to third parties, other than banks and bond holders.

C1 Receivables

	Group	
	2022	2021
	\$000	\$000
Receivables from livestock sales	9,830	10,116
Finance receivables	2,830	5,142
Total receivables	12,660	15,257

Amounts are stated at carrying value, net of credit loss allowance provisions

	172	132
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Receivables written off during the year

	32	30
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The status of receivables at the reporting date is as follows:

		Not yet due	1 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	Total
		\$000	\$000	\$000	\$000	\$000
2022	Receivables from livestock sales	8,315	756	507	335	9,912
	Credit loss allowance (livestock)	(24)	(9)	(3)	(46)	(82)
	Finance receivables	2,920	-	-	-	2,920
	Credit loss allowance (finance)	(91)	-	-	-	(91)
	Net receivable	11,120	747	504	289	12,660
2021	Receivables from livestock sales	7,709	2,282	86	94	10,171
	Credit loss allowance (livestock)	(16)	(6)	(2)	(31)	(55)
	Finance receivables	5,192	-	-	27	5,219
	Credit loss allowance (finance)	(68)	-	-	(9)	(77)
	Net receivable	12,817	2,276	84	81	15,258

Security held for finance receivables

	2022	2021
	\$000	\$000
Secured via PPSR	2,382	4,667
Not secured	538	553
Total finance receivables	2,920	5,219

All amounts not secured as at 30 June 2022 were subsequently secured.

On origination, the finance receivables will fund the entire value of secured livestock. No credit scores are assigned to borrowers for internal risk management purposes.

Concentrations of counterparties

Finance receivables are exclusively held with counterparties trading in the farming sector. However there are no individual counterparties that are considered to be significant to the group.

Movement in gross finance receivables balance

	2022	2021
	\$000	\$000
Opening balance	5,219	3,985
New loans issued	10,140	11,798
Principal repaid	(12,871)	(11,042)
Interest and fees accrued	432	478
Total finance receivables	2,920	5,219

Key Judgement

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

It is expected that all trade receivables will be collected within 12 months of the balance date. All accounts past their due date have been subject to individual assessment.

Allied Farmers Group

Measurement and recognition

Receivables from livestock sales and Finance Receivables are measured on initial recognition at fair value, and are subsequently carried at amortised cost, less provision for expected credit losses.

For Receivables from livestock sales, the provision for expected credit losses is based on the simplified approach, as permitted by NZ IFRS 9, and records the loss allowances as lifetime expected credit losses from recognition. These are the expected credit losses that result from all possible default events over the life of the financial instrument.

Finance Receivables are reviewed on an individual basis to determine whether any amounts are unrecoverable and an expected credit loss provision is recorded. The expected credit losses are based on management's assessment of amounts considered uncollectible for specific customers based on age of debt, history of payments, account activity, current and future economic factors and other relevant information. Debts known to be uncollectible are written-off as bad debts to the profit and loss when identified.

Credit Risk Management

Credit risk is the risk that a counterparty to a transaction with the Group will fail to discharge its obligations and make payment, causing the Group to incur a financial loss.

The Group manages its exposure using a credit policy that includes limits on exposures with significant counterparties that have been set and approved by the Board and are monitored on a regular basis and does not have any significant concentration of risk with any single party. The Group considers an account to be in default when a debtor fails to make a contractual payment in the absence of a written agreement to the contrary. This is when the account is past due by more than 90 days. Livestock finance receivables are secured over the livestock concerned and in the majority of cases supported by personal covenants from the borrower.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write-off when a debtor fails to make contractual payments more than 180 days past due. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made these are recognised in profit or loss.

C2 Investments Held by Group

	2022	2021
	\$000	\$000
New Zealand Rural Land Company Limited	3,103	990
New Zealand Rural Land Management Partnership	3,665	3,302
Other Investments	2	5
Total Investments	6,770	4,297

New Zealand Rural Land Company Limited

In December 2020 Allied Farmers Limited acquired 900,000 shares at an issue price of \$1.25 per share in New Zealand Rural Land Company Limited ('NZRLC'). In September 2021, Allied Farmers Limited acquired 600,000 shares at an issue price of \$1.10 at a total cost of \$660,000. In June 2022 Allied Farmers Limited acquired a further 783,057 shares at an issue price of \$1.05 per share in NZRLC. The total cost was \$823,973. A further 35,362 shares were issued under a dividend reinvestment plan. A further 581,581 shares were issued under the performance fee arrangement referred to below. This holding represents a 2.56% ownership in NZRLC as at 30 June 2022 (2021: 1.49%). These shares are equity investments quoted in the active market which the Group has elected to designate as a financial asset at fair value through other comprehensive income.

Under the Management Agreement NZRLC is to pay NZRLM a performance fee which, subject to certain adjustments, is to be equal to 10% of the increase in net asset value of NZRLC in each financial year. The performance fee payable by NZRLC to NZRLM for the year ended 30 June 2022 comprised 2,499,247 (2021: 1,163,162) shares in NZRLC. Fifty percent of these shares were then distributed by NZRLM to Allied Farmers Limited in proportion to Allied's ownership of NZRLM. Half of the shares issued in each Financial Year to satisfy the performance fee are subject to escrow arrangements, under which the Manager or any nominee agrees not to sell, transfer, assign or otherwise dispose of, or offer or agree to sell, transfer, assign or otherwise dispose of, its right and title to, and beneficial interest in such shares for a five year period. 290,791 shares distributed to Allied Farmers Limited were subject to this arrangement as at 30 June 2022.

The fair value of NZRLC shares held by Allied Farmers Limited as at 30 June 2022 is \$3,103,000 (2021: 990,000).

	2022	2021
	\$000	\$000
Carrying Value Brought Forward	990	-
Shares Issued / Rights Issue	1,484	1,125
Dividend Received as Shares	42	-
Shares Issued under NZRLM Performance Fee Arrangement	640	-
Change in Value Credited to Other Reserves	(53)	(135)
At 30 June 2022	3,103	990

New Zealand Rural Land Management Limited

On 18 December 2020 Allied Farmers Limited purchased a 50 percent interest in NZ Rural Land Management Limited Partnership ('NZRLM'). NZRLM is the external manager of NZ Rural Land Company Limited (NZRLC) which listed on the NZX on Monday 21 December 2020. The New Zealand Rural Land Management Limited ('NZRLM') acquisition price paid was 5 million Allied Farmers shares at NZ\$0.50 cents per share (cps) representing a total cost of \$2,500,000. The Group has determined that it has significant influence but not control over NZRLM. Accordingly, the Group applies the equity method of accounting to its investment in NZRLM. Under the equity method the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise Allied Farmers Limited share of the profit or loss of the investee after the date of acquisition. Allied Farmers has a call option to acquire the 50% of NZRLM that it currently does not own, which is exercisable for 12 months from 18 December 2022.

Allied Farmers Group

Summarised Balance Sheet	2022	2021
	\$000	\$000
Current Assets	2,514	2,011
Current Liabilities	(190)	(407)
Net Assets	2,324	1,604
Summarised Statement of Profit or Loss	2022	2021
	\$000	\$000
Income	4,147	3,081
Expenses	(898)	(777)
Profit	3,249	2,304
Reconciliation of Summarised Financial Information	2022	2021
	\$000	\$000
Opening Balance	1,604	-
Profit For Period	3,249	2,304
Dividend	(2,529)	(700)
Closing Net Assets	2,324	1,604
Increase in net assets	360	802
Reconciliation of Interest in Associate	2022	2021
	\$000	\$000
Opening Balance	3,302	-
Cost of investment	-	2,500
Increase in Net Assets (50% of Profit for Period)	1,624	1,152
Less Dividend paid (50% of Dividend)	(1,261)	(350)
Carrying Value 30 June 2022	3,665	3,302

C3 Property, Plant & Equipment Owned

	Group				
	2022				
	Land	Buildings	Plant and equipment	Motor Vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	2,019	1,049	574	247	3,889
Additions	-	-	70	30	100
Disposals	-	-	(7)	(35)	(42)
Cost at end of year	2,019	1,049	636	243	3,947
Accumulated depreciation at beginning of the year	-	(484)	(373)	(35)	(892)
Depreciation	-	(62)	(62)	(4)	(128)
Disposals	-	-	6	-	6
Accumulated depreciation at end of year	-	(546)	(430)	(38)	(1,014)
Net value 2022	2,019	503	207	205	2,933
	2021				
	Land	Buildings	Plant and equipment	Motor Vehicles	Total
	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	2,019	1,038	550	172	3,779
Additions	-	11	32	153	196
Disposals	-	-	(8)	(78)	(86)
Cost at end of year	2,019	1,049	574	247	3,889
Accumulated depreciation at beginning of the year	-	(423)	(288)	(30)	(741)
Depreciation	-	(61)	(85)	(4)	(150)
Disposals	-	-	-	(1)	(1)
Accumulated depreciation at end of year	-	(484)	(373)	(35)	(892)
Net value 2021	2,019	565	201	212	2,997

The Directors obtained independent valuations for land and buildings dated December 2021 on a fair value basis. The valuation of these property assets totalled \$6.632 million, which significantly exceeds the historical costs of these assets reported above.

Allied Farmers Group

Property leased (including Right of Use assets)

	2022			
	Property	Motor Vehicles	Plant & Equipment	Total
	\$000	\$000	\$000	\$000
Opening	430	1,549	-	1,979
Additions	-	614	57	671
Less Disposals	-	(196)	-	(196)
Less Amortisation	(92)	(474)	-	(566)
Total Right of use Asset	338	1,493	57	1,887
Total Cost	620	2,343	57	3,019
Total Accumulated Depreciation	(282)	(850)	-	(1,132)
Total Carrying Value	338	1,493	57	1,887

	2021			
	Property	Motor Vehicles	Plant & Equipment	Total
	\$000	\$000	\$000	\$000
Opening	525	624	-	1,149
Additions	-	1,411	-	1,411
Less Disposals	-	(40)	-	(40)
Less Amortisation	(95)	(446)	-	(541)
Total Right of use Asset	430	1,549	-	1,979
Total Cost	620	1,925	-	2,545
Total Accumulated Depreciation	(190)	(376)	-	(566)
Total Carrying Value	430	1,549	-	1,979

Measurement and recognition

Land is not depreciated. All other owned property, plant and equipment is depreciated on a straight line basis at rates over their estimated useful lives, as follows:

- Buildings: 8 - 30 years.
- Plant and equipment: 1 - 30 years.
- Motor Vehicles (owned): 1-3 years
- Motor Vehicles (leased): over their lease term

D. Group Structure

In this section

This section provides information to help readers understand the Group structure and how it affects the financial position and performance of the Group.

D1 Subsidiaries and Associates

The Group financial statements include the financial statements of Allied Farmers Limited and the operating subsidiaries listed below.

Subsidiaries are entities controlled by the group. Control exists when the Group has the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The financial records of operating subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

There are a number of subsidiaries within the Group that are non-trading and therefore have no financial records during the year or balances as at year-end, they are not included within these consolidated financial statements.

		2022	2021
		Ownership interest	Ownership interest
Operating Subsidiaries of the Parent			
Allied Farmers (New Zealand) Limited	Investment	100%	100%
Allied Farmers Rural Limited	Investment	100%	100%
Rural Funding SolutioNZ Limited	Finance	100%	100%
Subsidiaries of Allied Farmers Rural Limited			
NZ Farmers Livestock Limited	Livestock Agency and Finance	67%	67%
Subsidiaries of NZ Farmers Livestock Limited			
Farmers Meat Export Limited	Meat Processing and Trading	100%	100%
NZ Farmers Livestock Finance Ltd	Livestock Finance	100%	100%
Redshaw Livestock Limited	Livestock Agency	52%	52%
Associates of the Parent			
New Zealand Rural Land Management Partnership	Rural Property Management	50%	50%

All companies within the Group are incorporated in and have their principal place of business in New Zealand, and have a balance date of 30 June.

D2 Goodwill

	Group	
	2022	2021
<i>Cash generating units:</i>	\$000	\$000
Redshaw	642	642
NZFLFL	100	100
	742	742

Goodwill in Redshaw arose on the acquisition of a controlling interest in Redshaw Livestock Limited and the NZFLFL goodwill arose from the acquisition of a finance book from Stock Plan Limited previously supplying finance to a number of NZ Farmers Livestock Limited customers.

Key Judgement

The assessment that there was no impairment of the goodwill in the Redshaw CGU ('cash generating unit') at 30 June 2022. The valuation of the CGU is based on a discounted cashflow of management forecasts of future financial performance and therefore there is an inherent estimation uncertainty.

Impairment assessment

Redshaw CGU

On an annual basis, the recoverable amount of Goodwill is determined based on value in use calculations specific to the Redshaw CGU. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five year period. Cash flows beyond the five year period are extrapolated by way of a terminal value calculation using the estimated growth rates stated below. The growth rates adopted are consistent with internal forecasts and budgets. The discount rate reflects the specific risks relating to the cash flow being discounted.

	2022	2021
Revenue growth rate	2.0%	2.0%
Long term growth rate	2.0%	2.0%
Post tax discount rate (leading to a pre-tax equivalent rate of 21.5%)	15.5%	12.6%

Below is a sensitivity analysis showing the impact on value of changes to the key variables:

The estimated recoverable amount of the Redshaw CGU is estimated to have exceeded the carrying amount of the CGU at 30 June 2022 by approximately \$151,000 (2021: \$133,000).

Allied Farmers Group

Management has identified that a reasonably possible change in key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2022	2021
Revenue growth rate - reduced by	2.0%	2.0%
Pre tax discount rate - increased by	2.0%	0.9%

NZ Farmers Livestock Finance CGU

On an annual basis the recoverable amount of this goodwill is tested by undertaking an assessment of its value in use.

No impairment charge was required to be recognised in the financial statements. There are no foreseeable changes in assumptions which could result in a material impairment.

D3 Associated Auctioneers

Measurement & Recognition

The Group's subsidiary NZ Farmers Livestock Limited owns a proportion (25-50%) of various sale yard tangible assets and has joint arrangements in relation to the operation of these sale yards (referred to as 'Associated Auctioneers'). The Group has assessed the nature of its investment in Associated Auctioneers as joint operations. As joint operations, the Group accounts for its share of the revenue, expenses, assets and liabilities.

These joint operations are in five different locations. These joint operations are charged with the operating activities of the sale yards including conducting sales of livestock via the auction process, maintaining the sale yards, collecting levies on livestock sales and meeting operating costs of the yards. If there is a shortfall in the income to meet the operating costs in any one year then the joint operation's parties are required to contribute to the shortfall in the proportion of their ownership of the sale yards.

The joint operation of the sale yards is strategically vital to the interests of NZ Farmers Livestock Limited as the sale yards activity provide significant income to NZ Farmers Livestock Limited via commission on the sale of livestock handled through the sale yards.

	Group's Share of Profit	Group's Share of Assets	Group's Share of Liabilities	Group's Share of Revenues	Group's Share of Expenses
	\$000	\$000	\$000	\$000	\$000
2022	(45)	272	(37)	571	(616)
	Restated			Restated	Restated
2021	56	386	(39)	616	(560)

E. Other

In this section

This section includes information required to comply with financial reporting standards that is not covered in other sections.

E1 Related parties

Transactions with related parties, including directors, are made on terms equivalent to those that prevail in arm's length transactions.

Identity of related parties

The Group has a related party relationship with each of its subsidiary companies, an associated entity and joint operation outlined in Section D. Related parties include key management personnel, their related parties, or directors/minority shareholders of NZFL.

Key management personnel ('KMP') compensation

	Group	
	2022	2021
	\$000	\$000
Short term employee benefits	528	523
Directors fees	185	219

Transactions with related parties

	Group	
	2022	2021
	\$000	\$000
Livestock sales	390	368
Livestock purchases	347	447
Commission revenue	12	22
Dividends received as minority shareholders of NZFL	435	119

	Group	
	2022	2021
	\$000	\$000
Amount receivable from KMP	56	5
Amount payable to KMP	27	70
Bonds on issue - (holder Mark Benseman retired as a Director on 19 November 2020)	-	600

No debts with key management personnel were written off during the year (2021: nil)

Consulting fees paid to entities associated with directors on an arms length basis total \$28,871 (2021: \$135,684)

Consulting fees together with a share of distributions (due to its 16.5% shareholding) were paid by NZ Rural Land Management Partnership to Elevation Capital Management Limited, a company associated with Mr Christopher Swasbrook who is a director of Allied Farmers Limited. During the year, these totalled \$565,072 (2021: \$179,843). These were on commercial terms in accordance with a contract for service.

Allied Farmers Limited during the year advanced funds to its subsidiary NZ Farmers Livestock Limited on commercial terms set at arms length, these funds being on call and interest bearing at a rate comparable to the bank facilities. As at 30 June 2022 the total of these funds lent to NZ Farmers Livestock Limited was nil (2021: \$550,000).

	Group	
	2022	2021
	\$000	\$000
E2 Auditors' remuneration		
Audit fees - KPMG (2021 auditors)	33	180
Fees for other services - KPMG	44	25
Audit fees - RSM Hayes Audit (2022 auditors)	100	-
Fees for other services RSM Hayes Audit	-	-
Direct expenses associated with the audit	8	14
Total	185	219

Other services provided by KPMG included Taxation services relating to return preparation and advice on shareholder continuity.

About this report

Allied Farmers Limited is a for-profit entity domiciled in New Zealand and registered under the Companies Act 1993. The company is an FMC Entity in terms of the Financial Markets Conduct Act 2013 and prepares its financial statements in accordance with that Act, the Financial Reporting Act 2013, and NZX Main Board Listing Rules.

The consolidated financial statements are for Allied Farmers Limited and its subsidiaries (together referred to as "Allied") and Allied's interests in associates as at end for the year ended 30 June 2022.

These Consolidated Financial Statements ("Financial Statements") have been approved for issue by the Board of Directors on 26 August 2022.

Statement of compliance and basis of preparation

The financial statements have been prepared:

- in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand and comply with International Financial Reporting Standards (IFRS) and the New Zealand equivalents to IFRS (NZ IFRS) and other applicable financial reporting standards, as appropriate for a Tier 1 for-profit entity;
- on the basis of going concern. The directors, having considered projected future performance and the availability of financing, consider the going concern basis to be appropriate;
- presented on the basis of historical cost; and
- in New Zealand dollars, with all values rounded to the nearest thousand dollars unless otherwise stated.

In preparing the Group financial statements, all material intragroup transactions, balances, income and expenses have been eliminated. Subsidiaries are consolidated on the date on which control is obtained to the date on which control is lost.

The fair value of Financial Assets and liabilities approximates their carrying value.

Critical Judgements and Estimates

The preparation of financial statements requires management to exercise its judgement in applying Allied's accounting policies. Estimates and judgements are reviewed by management on an on-going basis, with revisions recognised in the period in which the estimate is revised and in any future periods affected. Areas of estimate or judgement that have most significant impact on the amounts recognised in the financial statements are:

- Note A1 Revenue recognition
- Note A2 Deferred tax asset recognition
- Note D2 Goodwill impairment assessment

Independent Auditor's Report

To the shareholders of Allied Farmers Limited

Opinion

We have audited the consolidated financial statements of Allied Farmers Limited and its subsidiaries (the group), which comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated profit and loss statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 19 to 35 present fairly, in all material respects, the financial position of the group as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Allied Farmers Limited or any of its subsidiaries.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. We identify one key audit matter as detailed on the next page, which was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition

Why we considered this to be a key audit matter

The group's revenue arises from a variety of revenue streams (as detailed in Note A1) which include livestock (livestock agency services and veal processing), and livestock financial services. The group's share of results from equity accounted investments (as detailed in Note C2) also include revenues from rural land management services.

With livestock agency services the underlying transactional flows exceed the reported levels of revenue, given the adopted treatment to recognise this revenue on a commission (i.e. agency) basis.

The results also include the group's share of the results of the equity accounted investment in New Zealand Rural Land Management Partnership (NZRLM). A significant portion of the revenue earned by NZRLM is a performance fee, based on the growth of New Zealand Rural Land Company Limited's audited net assets over the year to 30 June 2022.

Because of the complexity of the accounting requirements and variety of revenue types across the group we considered this to be a key audit matter.

Our approach

Our procedures in relation to revenue recognition included:

- Reviewing a sample of contracts to ensure that the group's policy for the point of recognition is in compliance with the requirements of NZ IFRS 15 *Revenue from contracts with customers*;
- Understanding the processes and evaluating the related controls implemented by the group over revenue recognition;
- Testing the operating effectiveness of controls related to the recording of revenue from livestock agency and veal processing revenue; and
- Performing tests of detail on a sample of revenue transactions throughout the period and in particular around year end to ensure that these have been appropriately recognised, as appropriate for that revenue stream.

We also evaluated the policies for revenue recognition adopted by the group's joint operations (associated auctioneers) and equity accounted investment (NZRLM), including testing of the recognition of revenue within these components.

Specifically, we evaluated whether the performance fee estimated by NZRLM (and equity accounted within the Allied Farmers group results) was consistent with the actual performance fee that NZRLM was entitled to at year end, based on the audited financial position of New Zealand Rural Land Company Limited.

We also evaluated the accounting policies applied and considered disclosures relating to revenue recognition, and the presentation of revenue in current and prior period, as outlined in Note A1.

Other matter

The financial statements of the group for the year ended 30 June 2021 were audited by another auditor who expressed an unmodified opinion on 30 August 2021.

Other information

The directors are responsible for the other information included in the annual report. The other information provided is contained on pages 1 to 18 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible, on behalf of the group, for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1>

Who we report to

This report is made solely to the company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Allied Farmers Limited and its shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jason Stinchcombe.

A stylized, handwritten-style logo for RSM in blue ink.

RSM Hayes Audit
Auckland

26 August 2022