ALLIED FARMERS LIMITED
ANNUAL REPORT 2015

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OVERVIEW FROM THE CHAIRMAN

The Directors of Allied Farmers Ltd (“Allied”) (ALF:NZX) report that Allied has made an audited net profit before tax for the year to June 2015 of $1.12m (2014 $1.16m).

Allied has had a satisfactory year with a steady result from the Livestock Division, repaying a number of significant obligations including Crown Asset Management Ltd and a successful capital raising. The result benefited from a one off gain of $0.6m on the settlement of existing obligations (2014 $0.8m) and the minimal impact of impairment of investments and loans that have been significant in prior years.

The Livestock Division, which includes the operation of NZ Farmers Livestock Ltd, owned 57% by Allied as at 30 June 2015, reported a pre-tax profit of $1.48m (2014 $1.55m) on income that was slightly behind the prior year. Livestock sales performed well in the first half with all regions ahead of the corresponding prior period, however, with the uncertainty over the dairy pay-out the second six months fell behind last year’s record levels. Returns from the meat processing operation were lower than the previous year, and while headage was up, the high exchange rate impacted prices for the largely exported product and margins were lower than the prior year

The Asset Management Services Division (“AMS”), has less than $0.1m of assets to realise and reported a small profit of $0.23m for the year, (2014 $0.27m). This reflects some small over-recovery on the disposal of assets and the write back of some provisions. There will be a continuing focus on attempting to recover some of these assets that have previously been written off.

A significant step in the restructuring of the Group was the repayment of its on-demand obligations to Crown Asset Management Ltd. This was largely funded by a 3 year $1m bond issue and by selling 10% of the shares in NZ Farmers Livestock Ltd to other shareholders. Subsequent to the successful capital raising when $1.1m was raised via placements and a Share Purchase Plan, further long term debt obligations were repaid. As a result Corporate interest costs for the year reduced from $0.32m to $0.28m. Due to the unwinding of some deferred tax benefits, coupled with the increased tax liability of NZ Farmers Livestock, the group tax expense has increased significantly.

As a result of changes to the Financial Reporting legislation, the parent company is no longer required to publish separate financial statements. As in last year’s accounts, the Group accounts reflect negative equity as the consolidated result does not attribute the full market value of the investment in the NZ Farmers Livestock subsidiary or the saleyard properties held. Reflecting these adjustments, the listed entity, Allied Farmers Ltd still has positive shareholders’ funds which are higher than last year.

The focus for the coming year will be to look for opportunities to grow the Livestock business in what will be a difficult year particularly for the dairy industry. To this end, since 30 June NZ Farmers Livestock has acquired a shareholding in the Hawkes Bay based livestock business of Redshaw Livestock Ltd and other opportunities are being investigated. The effect of the reduced dairy pay-out is likely to have some uncertain impact on dairy livestock sales going forward. For the meat processing operation the recent drop in the NZ dollar has already seen some beneficial impact on the returns from meat exports at the early stage of this season.

In June Jeff Keenan resigned from the Board due to ill health. The Board would like to thank him for his contribution over the past five years and wish him well for his retirement.

The year has been one of restructuring the company to enable the future to be more certain while at the same time ensuring the Livestock Division continues to grow. The Directors wish to highlight the considerable support and loyalty of all of the management and staff of Allied Farmers and its NZ Farmers Livestock subsidiary, and the support of its many stakeholders, including the Allied shareholders who showed their endorsement of the Group by investing in the recent capital raising.

Garry Bluett
Chairman

FIVE YEAR FINANCIAL SUMMARY

Allied Farmers Limited and Subsidiaries

Five Year Financial Summary

	June-15	June-14	June-13	June-12	June-11
	$000	$000	$000	$000	$000
Profit summary					
Total operating income	15,342	16,081	27,099	21,452	58,991
Depreciation and amortisation	378	362	498	350	699
Interest expense	875	903	1,216	4,192	7,970
Other expenses	12,974	13,655	29,805	30,221	90,243
Net surplus (deficit) from continuing operations	1,115	1,161	(4,420)	(13,311)	(39,921)
Net deficit from discontinued operations	-	-	1,750	(550)	(1,061)
Net surplus (deficit) before tax	1,115	1,161	(2,670)	(13,861)	(40,982)
Tax	460	0	(1)	-	-
Net surplus (deficit) after tax	655	1,161	(2,671)	(13,861)	(40,982)
Non controlling interests	527	133	78	(232)	-
Surplus/(deficit) attributable to owners of the Parent	128	1,028	(2,749)	(14,093)	(40,982)

	June-15	June-14	June-13	June-12	Jun-11
	$000	$000	$000	$000	$000
Statement of Financial Position summary					
Shareholders equity	(1,475)	(3,887)	(5,468)	(2,701)	(5,499)
Non current liabilities	5,208	4,000	231	2,382	4,590
Current liabilities	8,148	11,525	16,798	34,170	55,782
Total liabilities	13,356	15,525	17,029	36,552	60,372
Equity and liabilities	11,881	11,638	11,561	33,851	54,873
Current assets	7,771	7,813	7,410	21,183	28,938
Fixed assets	3,967	3,624	3,815	4,372	3,795
Non current assets	134	190	190	8,100	21,082
Investments	-	-	-	196	196
Total tangible assets	11,872	11,627	11,415	33,851	54,011
Intangibles	9	11	146	-	862
Total assets	11,881	11,638	11,561	33,851	54,873

	June-15	June-14	June-13	June-12	Jun-11
	$000	$000	$000	$000	$000
Cash Flow summary					
Operating cash flow	(929)	248	1,527	(2,905)	33,049
Investing cash flow	997	326	(319)	7,319	15,772
Financing cash flow	(665)	1,062	(1,808)	(2,705)	(57,572)
Net change in cash	(597)	1,636	(600)	1,709	(8,751)

The amounts shown in this Five Year Financial Summary have been extracted from the audited financial statements of Allied Farmers Limited and subsidiaries for the respective years.

DIRECTORS

Mr Garry C Bluett - Chairman

Mr Bluett was appointed a Director of Allied Farmers Limited in October 2004. He has been Finance Director of a major New Zealand retail group and has broad experience in the finance company and corporate finance sectors. He currently has an ownership interest in a large dairy operation in the Waikato. Mr Bluett is an independent Director of Allied Farmers Limited. He has the following qualifications: BMS, CA.

Mr Philip C Luscombe

Mr Luscombe was appointed a Director of Allied Farmers Limited in December 2005. He is an experienced farmer with interests in dairy farms in Taranaki and Otago, and in farm forestry. He is a Director of PKW Farms GP Limited, as well as a number of private companies. He is a trustee of The Massey-Lincoln and Agricultural Industry Trust and a former trustee of the Massey University Agricultural Research Foundation. He is a former director of Kiwi Cooperative Dairies Limited, Kiwi Milk Products Limited, Dairy InSight and industry research company Dexcel. Mr Luscombe is an independent director of Allied Farmers Limited. He has the following qualification: BAgSci(Hons).

Mr G Andrew McDouall

Mr McDouall was appointed a Director of Allied Farmers Limited in October 1999. He is Managing Director of the stockbroking and investment banking group McDouall Stuart Group Limited, MSL Capital Markets, and a director of a number of private companies. He has the following qualifications: BCA, DipNZSE

DISCLOSURES

The following particulars are taken from the Interests Register as at 30 June 2015 (excluding directorships of Allied Farmers group companies).

DISCLOSURE OF INTEREST

Name	**Entity**	**Relationship**
Garry C Bluett	Arcos Investments Limited	Director
	Aylesbury Farms Limited	Director
	Bostonian Group Limited	Director
	Farmers Meat Export Limited	Lender
	Allied Farmers Rural Limited	Bond-holder
Philip C Luscombe	Argyll Dairy Farm Limited	Chairman
	Te Rua O Te Moko Limited	Director
	Hendham Farm Company Limited	Director
	Kingfisher Escape Limited	Director
	Koki South Farms Limited	Director
	Mairangi Investments Limited	Director
	Par Farms Limited	Director
	PKWF 2013 Limited	Director
	PKW Farms GP Limited	Director
	Luscombe Partnership	Partner
	Hendham Trust	Trustee
	Massey-Lincoln and Agricultural Industry Trust	Trustee
	Pharm Trust	Trustee
G Andrew McDouall	McDouall Stuart Group Limited and Subsidiaries	Managing Director & beneficial S/holding interest
	Nessock Custodians Limited	Director
	Logan Nominees Limited	Director
	MSL Capital Markets Limited	Director & Beneficial S/holding interest
Ollie Carruthers*	Stockmans Holdings Ltd	Director & S/holder
	Stock Plan Ltd	S/holder
	Hikuai Farms Ltd	Director & S/holder
	Carane Farms Ltd	S/holder
	Prestige Livestock Ltd	S/holder
	Agent Company Ltd	Director & S/holder
Simon Williams*	Agent Company Ltd	Director & S/holder
	Simia Ltd	Director & S/holder

There were no details included in the Interests Register as at 30 June 2014, or entered during the year ended 30 June 2015, that have been removed during the year ended 30 June 2015.

* Ollie Carruthers and Simon Williams are Directors of Allied Farmers Limited's subsidiary, NZ Farmers Livestock Limited.

DIRECTORS' HOLDINGS OF ALLIED FARMERS SECURITIES AS AT 30 JUNE 2015

Directors disclosed, pursuant to section 148 of the Companies Act 1993 and rule 10.4.5 of the NZX Listing Rules, the following acquisitions and disposals of relevant interests in Allied Farmers equity securities during the period to 30 June 2015, as set out below.

Director	Ordinary Shares	Share Options	Acquisition /Disposal during period		
			Date	Consideration NZ$	Number of securities acquired (disposed)
G C Bluett	301,034		9-June-15	$0.05 per share	300,000
G C Bluett		1,450,000*			
P C Luscombe	1,597				nil
G A McDouall	44,794				nil

** 1,160,000 share options held by Arcos Investments Limited, of which Mr Bluett is a director and 50 percent shareholder. 290,000 share options held legally and beneficially by Mr Bluett.*

DIRECTORS' REMUNERATION

Director	2015	2014
Garry Bluett	$12,935	$6,250
Philip Luscombe	$7,250	$5,833
Andrew McDouall	$11,833	$13,000
Jeff Keenan	$6,708	$4,667
Total	$38,726	$29,750

The above table reflects what has been paid out by the Company. As per note 26 of the accounts a total of $327,001 has been accrued for Directors fees including $141,274 for this year for payment in the financial year. Shareholders approved a cap on directors' fees of $332,000 p.a. at the AGM in 2007. This cap includes all directors fees paid in relation to Group subsidiary companies as well as for the Parent. In addition to the above payments, Oliver Caruthers, a director of NZ Farmers Livestock Limited received total remuneration and benefits from NZ Farmers Livestock Limited of $181,030, and Simon Williams, a director of NZ Farmers Livestock Limited, received total remuneration and benefits from NZ Farmers Livestock Limited of $75,136. In neither case did this remuneration and benefits include any director's fees.

PARTICULAR DISCLOSURES

Loans to Farmers Meat Export Limited

Mr Bluett was one of the parties lending working capital to (previously) NZ Farmers Meat Export Limited and (now) Farmers Meat Export Limited to enable those companies to undertake bobby calf processing. The working capital facilities were provided pursuant to three separate arrangements for 2011, 2012 and 2013-14 as described below. These have all been fully repaid.

A working capital facility was entered into with NZ Farmers Meat Export Limited on 5 August 2011 and had the following terms:

- Up to $850,000 at 12% per annum, repayable in full on or before 31 December 2011;
- Supported by a General Security Deed over all of the assets of NZ Farmers Meat Export Limited.

A working capital facility was entered into with Farmers Meat Export Limited on 30 June 2012 and had the following terms:

- Up to $1,200,000 at 12% per annum, repayable in full on or before 31 December 2012;
- Supported by a General Security Deed over all of the assets of Farmers Meat Export Limited.

A working capital facility was entered into with Farmers Meat Export Limited on 23 August 2013 and had the following terms:

- Up to $1,500,000 at 10.9% per annum;
- Supported by a General Security Deed over all of the assets of Farmers Meat Export Limited;
- The funders may advance funding of up to an additional $1.5 million for the 2014 season provided that the 2013 season funding plus interest and costs have been fully repaid;
- Loan funds advanced for the 2013 season were repayable by 31 December 2013. These loan funds have been fully repaid; and
- Loan funds were advanced for the 2014 season, and were fully repaid on 15 December 2014.

Bond Issue

On 13 September 2013 Allied Farmers Rural Limited issued 200,000 Bonds to Arcos Investments Limited, a related party of Garry Bluett, and issued 50,000 Bonds to Garry Bluett personally. The subscription price for the Bonds was $1 per Bond, plus an option to purchase 58 ordinary shares of Allied Farmers Limited for every 10 Bond issued to that Bondholder at an exercise price per ordinary share of $0.027, being the volume weighted average market price of Allied Farmers Limited ordinary shares, as quoted by NZX Limited, over the 20 Business Days prior to the earlier of the date the issue of the options was made or publicly announced.

The key terms of the Bonds are as follows:

- secured by way of a second ranking charge over the shares Allied Farmers Rural Limited holds in NZ Farmers Livestock Limited;
- a guarantee of the Bonds from Allied Farmers Limited;
- the obligations of Allied Farmers Limited and Allied Farmers Rural Limited are secured by way of a general security over all of the assets of Allied Farmers Limited and Allied Farmers Rural Limited, fully subordinated to the rights of Crown Asset Management Limited;
- interest of 12% per annum, payable quarterly in arrears; and
- maturity date of 31 August 2014 (subsequently extended to 31 August 2015 and then to 31 August 2016 on the same terms) .

In accordance with the terms of the Bond issue, Arcos Investments Limited subscribed for and currently holds 1,160,000 share options, and Mr Bluett subscribed for and currently holds 290,000 share options. As at the date of this Annual Report neither Arcos Investments Limited nor Garry Bluett has exercised any of the share options. The share options can be exercised any time up to 31 August 2018.

Speirs Settlement

On 20 December 2013 Allied Farmers Limited and Speirs Group entered into a Settlement Deed in relation to obligations arising from an Option Agreement dated 29 September 2008. Nelson Speirs was a director of a subsidiary of Allied Farmers, NFA Limited (in liquidation), until 31 October 2013 and therefore a related party of Allied Farmers. Because Mr Speirs is also a director of Speirs Group Limited, pursuant the NZX Listing Rules, Speirs Group Limited was also deemed to be a related party of Allied Farmers in relation to this transaction. The obligations arising under the Settlement Agreement were fully satisfied on 29 June 2015 by Allied Farmers paying $400,000 in cash and issuing 500,000 shares to Speirs Group (representing approximately $25,000 of value).

Sale of NZ Farmers Livestock Shares

On 6 September 2014 Allied Farmers Rural Ltd sold 10% of the total issued shares of New Zealand Farmers Livestock Ltd for $1,000,000 to Stockmans Holdings Limited and Agent Company Limited. This reduced Allied Farmers Ltd shareholding in New Zealand Farmers Livestock Ltd from 67% to 57% a reduction of 15% of its shareholding. Stockmans Holdings Limited is a related party of Allied Farmers Limited because Oliver Carruthers, a director and shareholder of Stockmans Holdings Limited, is also a director of New Zealand Farmers Livestock Limited, and Bill Sweeney, a director and shareholder of Stockmans Holdings Limited, is also a General Manager of New Zealand Farmers Livestock Limited. Agent Company Limited is a related party of Allied Farmers Limited because Simon Williams and Oliver Carruthers, directors and shareholders of Agent Company Limited, are also directors of New Zealand Farmers Livestock Limited.

General

Except to the extent described above, no Director has entered into any transactions with the Company or its subsidiaries other than in the normal course of business, on the Company's normal terms of trade, and on an arms-length basis.

No Director issued a notice requesting to use Group information received in their capacity as a Director which would not otherwise have been available to them.

During the year the Company paid premiums on contracts insuring directors and officers in respect of liability and costs permitted to be insured against in accordance with Section 162 of the Companies Act 1993 and the Company's constitution.

EMPLOYEE REMUNERATION

The number of employees whose remuneration and benefits were over $100,000 is within the specified bands as follows:

Remuneration range		**2014**	**2015**
100,000	110,000	4	2
110,001	120,000	1	1
120,001	130,000	2	4
130,001	140,000	1	1
140,001	150,000		-
150,001	160,000	1	2
160,001	170,000	2	1
170,001	180,000	1	-
180,001	190,000	3	1
190,001	200,000		3
200,001	210,000	1	2
210,001	220,000		
220,001	230,000		
230,001	240,000		1
240,001	250,000		
250,001	260,000		
260,001	270,000		
270,001	280,000		
280,001	290,000		
290,001	300,000	1	
300,001	310,000		1
		17	**19**

The remuneration figures shown in the above table include all monetary payments actually paid, plus the cost of all benefits provided, during the year.

The 2015 year includes 18 livestock agents who are remunerated on a commission basis (2014: 16). These remuneration levels fluctuate significantly from year to year. The table does not include independent contractors.

SUBSTANTIAL SECURITY HOLDERS

The following notices were given under the Financial Markets Conduct Act 2013 up to the date of this Annual Report:

Holder	Relevant Interest	Date
Donald Clifton Jacobs and Ngaruawahia.com Ltd	6,040,084 (5.66%)	6 January 2015
Leh Yong	8,456,862 (7.6%)	15 May 2015
Deborah Lee Seerup as beneficial owner via ASB Nominees as registered holder.	6,450,005 (5.15%)	11 June 2015
Albany Braithwaite Holdings Limited	12,537,640 (9.66%)	27 July 2015

The total number of issued voting securities of Allied Farmers Limited as at 17 August 2015 was 129,830,925 ordinary shares. The ownership percentages referred to above are as disclosed in the relevant notice, and may have changed as a result of the issue of further shares subsequent to the date of the relevant disclosure

SUBSIDIARY COMPANIES

Directors of subsidiary companies as at 30 June 2015 were as follows:

Subsidiaries of the Parent	Principal Activity	Directors
Allied Farmers Rural Limited	Rural Services	G C Bluett, P C Luscombe, G A McDouall, J W Keenan*
NFA Limited (in Liquidation)	Financial Services	G C Bluett, P C Luscombe, R N Speirs
ALF Nominees Limited	Nominee company	G C Bluett
Allied Farmers Investments Limited	Asset Management Services	G C Bluett, J W Keenan*, P C Luscombe, G A McDouall
Allied Farmers (New Zealand) Limited	Non-trading	G C Bluett
Subsidiaries of Allied Farmers Investments Limited		
Allied Farmers Property Holdings Limited	Holding company	G C Bluett
QWF Holdings Limited	Property Investment	G C Bluett
Lifestyles of New Zealand Queenstown Limited	Property investment	G C Bluett
LONZ 2008 Limited	Property investment	G C Bluett
LONZ 2008 Holdings Limited	Property investment	G C Bluett
Matarangi Beach Estates Limited (In Receivership)	Non-trading	G C Bluett
Clearwater Hotel 2004 Limited	Property development and investment	G C Bluett
Subsidiaries of Allied Farmers Property Holdings Limited		
UFL Lakeview Limited	Non-trading	G C Bluett
5M No 2 Limited	Non-trading	G C Bluett
Subsidiaries of Allied Farmers Rural Limited		
NZ Farmers Livestock Limited	Livestock Trading	P C Luscombe, G C Bluett, O J Carruthers, S Williams
Subsidiaries of NZ Farmers Livestock Limited		
Farmers Meat Export Limited	Bobby Calf Exporting	S K W Morrison, W B Sweeney, P C Luscombe

** Jeff Keenan resigned on 30 June 2015*

POLITICAL DONATIONS

The Company made no donations to any political party during the year.

SHAREHOLDER INFORMATION

The ordinary shares of Allied Farmers Limited are listed on the NZSX. The NZX share code is ‘ALF’.

The shareholder information in the following disclosures has been taken from the Company’s share register at 10 August 2015.

RIGHTS ATTACHING TO SECURITIES

Ordinary Shares

The Company’s ordinary shares carry a right to vote on any resolution on a poll at a meeting of shareholders. Holders of ordinary shares may vote at a meeting in person or by proxy, representative, or attorney. Voting may be conducted by voice, show of hands, or poll.

The following new ordinary shares were issued during the financial year:

Date	Purpose	Number of ordinary shares
30 September 2014	Exercise of options	1,160,000
5 May 2015	Private placement capital raise	4,200,000
9 June 2015	Share Purchase Plan capital raise	14,500,000
29 June 2015	Part settlement of obligation to Speirs group	500,000
30 June 2015	Private placement capital raise	4,000,000

The total number of issued ordinary shares on issue is 129,830,925.

Share Options

On 13 September 2013, to support a bond issue by Allied Farmers Rural Limited, Allied Farmers Limited issued non listed options to acquire 3,480,000 ordinary shares for an exercise price of $0.027, being the volume weighted average market price of ordinary shares as quoted by the NZX over the 20 business days prior to the announcement date or issue date.

The share options must be exercised within five years from the issue date. If the option is exercised, the exercise price is payable immediately. The issued shares rank pari passu with existing ordinary shares.

On 30 September 2014 1,160,000 options were exercised, meaning 2,320,000 options have not been exercised.

TWENTY LARGEST REGISTERED SHAREHOLDERS as at 10 August 2015

Rank	Investor Name	Total Units	% Issued Capital
1	Albany Braithwaite Holdings Limited	12537640	9.66
2	Leh Soon Yong	8756862	6.74
3	ASB Nominees Limited	6650005	5.12
4	Donald Clifton Jacobs	6616903	5.10
5	Ronald Alfred Brierley	3031591	2.34
6	Stuart David Hynes	2551600	1.97
7	William Aubrey Cocks	2062771	1.59
8	John Stewart Faulks	1665692	1.28
9	James Field Seerup & Jeanette Elizabeth Seerup	1100811	0.85
10	Probatus Investments Limited	1085937	0.84
11	HSBC Nominees (New Zealand) Limited	1054997	0.81
12	FNZ Custodians Limited	939611	0.72
13	Rees Hollier John Jones & Moira Marguerite Jones & Walter Mick George Yovich	848331	0.65
14	Adrian James Sprott	754072	0.58
15	Brian Geoffrey Collins	722000	0.56
16	Lee Athol Wilson & Shirley Ann Wilson	700000	0.54
17	Richard John Nowacki	630184	0.49
18	Richard John Otley Ellis	600000	0.46
19	Francis John Halewood	559813	0.43
20	Gordon Phillip Hosking & Catharina Cornelia Hosking	535648	0.41

ANALYSIS OF SHAREHOLDING as at 10 August 2015

Range	Holders	Holders %	Issued Capital	Issued Capital %
1-1000	14339	71.95	4624183	3.56
1001-5000	4363	21.89	8689251	6.69
5001-10000	340	1.71	2399042	1.85
10001-50000	537	2.69	14218015	10.95
50001-100000	164	0.82	12700429	9.78
Greater than 100000	186	0.93	87200005	67.16
Total	**19929**	**99.99**	**129830925**	**99.99**

SHAREHOLDER ENQUIRIES

Shareholders should send changes of address, dividend queries, and instructions and shareholding information requests to Link Market Services Limited, which acts as the Company's share registrar. These notifications and requests should be by signed letter.

ANNUAL MEETING OF SHAREHOLDERS

Allied Farmers Limited's Annual Meeting of shareholders will be held in the TSB Hub, Hawera, on Tuesday 24 November 2015 from 11am. A Notice of Annual Meeting and Proxy Form will be circulated to shareholders prior to the meeting.

REGISTERED OFFICE

The registered office of Allied Farmers Limited is:

201 Broadway
Stratford 4332
PO Box 304
Stratford 4352

DIVIDENDS PAID

No dividends have been paid in the financial year ended 30 June 2015.

NZX REGULATION WAIVERS

The Company was granted the following waivers in the 12 months preceding 30 June 2015:

Date of Decision	Applicable Rule	Reason
31 July 2014	9.2	To enable Related Party, Mr Garry Bluett, to participate with other bondholders on the same terms in a Material Transaction with Allied Farmers Rural Limited. The Material Transaction was the extension of the maturity date from 29 August 2014 to 29 August 2015 for the Bonds issued 13 September 2013 that included an option for shares in Allied Farmers secured by charges over Allied Group assets. To enable 1,026 shares held by Allied Farmers Rural Limited in NZ Farmers Livestock Limited to be sold without shareholder approval to Agent Company Limited and Stockmans Holdings Limited to raise $1,000,000 to partially settle debt owed to Crown Asset Management Limited by Allied Group.

GOVERNANCE

NZX BEST PRACTICE CODE

The NZSX listing rules require the Company to include in each annual report a statement disclosing the extent to which it has followed the NZX Corporate Governance Best Practice Code for the reporting period. Due to a number of factors, including the Company's small market capitalisation, limited free cash, and the fact that its primary operations are undertaken by a joint venture subsidiary with a separate Board, in a number of areas the Code is not complied with. The same comment applies to compliance with the Financial Markets Authority's "Corporate Governance in New Zealand Principles and Guidelines" Accordingly, the Company considers its governance practices have complied with the Code and the Guidelines for the year to 30 June 2015 except to the extent highlighted below.

THE BOARD OF DIRECTORS

Role of the Board and Responsibility

The Board of Directors is elected by shareholders to govern the Company in the interests of shareholders, and to protect and enhance the value of the assets of the Company in the interests of the Company and its shareholders. The Board is the overall and final body responsible for all decision making within the Company. The Board Charter describes the Board's role and responsibilities and regulates internal Board procedure. The Board has also delegated a number of its responsibilities to its committees. The role of the committees is described below.

Board Membership, Size and Composition

The Board currently comprises three Directors – a non-executive Chairman (Garry Bluett), and two non-executive Directors (Andrew McDouall and Philip Luscombe). Jeff Keenan, a non-executive director, resigned on 30 June 2015. The Board has a broad range of financial, farming, and business skills as well as other relevant experience and expertise required to meet its objectives.

When appropriate, the Board reviews the criteria for the selection of Directors to ensure the Board comprises the right mix of skills and experience to meet the needs of the Company. No review has taken place in the reporting period.

Selection and Role of Chairman

The Chairman is elected by the Board from the non-executive Directors. The Board supports the separation of the role of Chairman and senior management. The Chairman's role is to manage and provide leadership to the Board and to facilitate the Board's interface with senior management.

Director Independence

The Board is committed to having a majority of Directors who are judged by the Board to be independent in terms of the NZX Main Board listing rules.

The Board considers all the Company's Director relationships on a case-by-case basis and, as a general policy, follows the NZX Main Board listing rules' definition. The Board considers that Andrew McDouall can be precluded from being reasonably perceived as an independent director of the Company due to his relationship with the Company as provider of investment banking services to the Company from time to time. The Board considers that Garry Bluett and Philip Luscombe are independent directors.

The Board will review any determination it makes on a Director's independence on a regular basis and on becoming aware of any information that indicates the Director may have a relevant material relationship with the Company. For this purpose, Directors are required to ensure that they immediately advise of any new or changed relationships so the Board can consider and determine how material the relationship is to a Director's independence.

Conflicts of Interest

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duty to the Company and their own interests. Where conflicts of interest do exist at law then the Director must disclose their interest, excuse themselves from any Board discussions if appropriate, not receive any Board papers in respect of those interests, and in accordance with the relevant stock exchange listing rules not exercise their right to vote in respect of such matters.

Nominations and Appointment of New Directors

Procedures for the appointment and removal of Directors are ultimately governed by the Company's constitution.

Recommendations for nominations of new Directors are made by the Directors individually and considered by the Board as a whole. When recommending candidates to act as a Director, the Board takes into account such factors it deems appropriate. These factors include their background, experience, professional skills and personal qualities, whether their skills and experience will augment the existing Board, and their availability to commit themselves to the role. Due to its size, the Company does not consider having a separate Nomination Committee is necessary. However, if the need arises (for example if there were a conflict of interest) a Nominations Committee will be established for such purposes.

If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual meeting. Shareholders are provided with relevant information on the candidates for election.

Director Education

All Directors are encouraged and if requested supported to receive regular updates on relevant industry and Company issues. The Board expects all Directors to undertake continuous education so that they may appropriately and effectively perform their duties.

Board's Performance Review

The Board does not formally review its own performance as a whole against the Board Charter, but will do so if circumstances require. However, the Board regularly discusses governance and performance issues. In particular, the Board has carefully considered the qualifications and skills of appointees to the Board of its subsidiary, NZ Farmers Livestock Limited, given the importance of this subsidiary to the Group.

A Board-evaluation survey may be undertaken from time to time to seek Director feedback on a range of matters relating to Board performance including its role and composition, procedures, practices, and administration. Given the small size of the Board and the regular contact between them, the Board has not considered it necessary to undertake a formal evaluation in the period.

Retirement and Re-election of Directors

NZX Main Board listing rule 3.3.11 requires at least one third of the Directors to retire from office at the annual meeting each year, but they are eligible for re-election at that meeting.

Andrew McDouall is required to retire and is eligible, if he chooses to do so, to stand for re-election at this year's annual meeting.

Board Access to Information and Advice

All Directors have access to management, to discuss issues or obtain information on specific areas or items to be considered at the Board meeting or other areas they consider appropriate. Further, Directors have unrestricted access to Company records and information.

The Board, the Board committees and each Director have the right, subject to the approval of the Chairman, to seek independent professional advice at the Company's expense to assist them in carrying out their responsibilities. Further, the Board and Board committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

Directors' Share Ownership

Due to its very small market capitalisation, and thin trading, the Company does not operate a performance based equity security compensation plan and does not actively encourage directors to invest a portion of their director's remuneration in shares in the Company. However, all directors do hold shares in the Company. Directors' disclosures of their shareholdings pursuant to section 148 of the Companies Act 1993 and NZX Main Board listing rule 10.4.5 are shown in the Disclosures section of this annual report.

Directors are required to comply with the Company's Securities Trading Policy and Guidelines in undertaking any trading in Allied Farmers Limited shares.

Indemnities and Insurance

As permitted by the Company's constitution, deeds of indemnity have been given to Directors for potential liabilities and costs they may incur for acts or omissions in their capacity as Directors. In addition, deeds of indemnity have been given to certain senior staff and contractors for potential liabilities and costs they may incur for acts or omissions in their capacities as employees or contractors of the Company or as Directors of Company subsidiaries.

During the year the Directors and Officers liability insurance was renewed to cover risks normally covered by such policies arising out of acts or omissions of Directors and Officers in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious, or wilful acts or omissions.

Meetings of the Board and Conduct of Meetings

The Board has a minimum of eight scheduled meetings each year. In addition, it meets whenever necessary between the scheduled meetings (such as to discuss key strategic issues or urgent business).

The Chairman establishes meeting agendas to ensure adequate coverage of key issues during the year.

Senior management regularly attend Board meetings and are also available to be contacted by Directors between meetings.

The Board meets occasionally in executive session, without management present. Such sessions deal with performance evaluation issues, and discussions with the Group external auditors to promote a robust independent audit process.

ATTENDANCE AT BOARD MEETINGS FOR THE YEAR 1 JULY 2014 TO 30 JUNE 2015

Board Meetings

The full board held 9 Board meetings during the year ended 30 June 2015. The table below shows Directors' attendance at these Board meetings. Mr Keenan's absences were due to illness.

Philip Luscombe	8
Garry Bluett	9
Andrew McDouall	9
Jeffrey Keenan	5

Board Committees

Two Board committees assist in the execution of the Board's responsibilities: the Audit Committee and the Finance Committee. The Audit Committee has a number of scheduled meetings each year to coincide with the timing of its responsibilities. The Finance Committee meets on an as required basis. Other committees may be established to consider matters of special importance or to exercise the delegated authority of the Board, as required.

Committee Composition

The Board is responsible for appointing committee members according to the skills, experience and other qualities they bring to a committee.

COMMITTEE ROLES AND OPERATIONS

All Directors are entitled to receive all committee papers and can attend all committee meetings. As soon as possible after each committee meeting the Board is given a verbal report by the Chair of the committee on the outcomes of the meeting.

The structure, membership and responsibilities of the Board's committees are summarised below.

Audit Committee

The Audit Committee includes members who have appropriate financial experience and an understanding for the industry in which the Company operates. A majority of the Audit Committee members are independent and all are financially literate. The Chairman of the Audit Committee, Garry Bluett, is a chartered accountant (CA). The Board considers that, whilst Mr Bluett is also Chairman of the Board, he is the most suitably qualified and experienced director to Chair the Audit Committee, and therefore on balance the Board considers this appointment to be in the best interests of the Company.

The industry knowledge and financial experience of other members of the Audit Committee are set out in the biographies of the Directors.

Responsibilities

- Provide an open avenue of communication between the external auditors and the Board.
- Recommend to the Board the nomination, terms of engagement and remuneration of the external auditors.
- Review and participate in the process of appointment, replacement, reassignment, or dismissal of the internal auditor (if any).
- Confirm and assure the independence of the external auditors.
- Inquire of management, and the external auditor about significant risks or exposures to the Company (although due to the size and operations of the Company, a risk register is not maintained).
- Review the audit scope and plan to assure completeness of coverage, reduction of redundant effort, and the effective use of audit resources.
- Consider and review with auditors the adequacy of the Company's internal controls and compliance with the Company's policies and delegated authorities.
- Review at the completion of the annual audit the Company's Financial Statements and Notes, the auditors' report, and any recommendations; and recommend to the full Board that these be accepted.

Members of the Audit Committee are: Garry Bluett (Chair), Andrew McDouall and Philip Luscombe.

Remuneration Committee

The Company does not currently have a Remuneration Committee because of its size and the fact that it has very few employees and contractors, and therefore matters pertaining to the remuneration of employees and contractors can and are dealt with by the full Board. Most employees and contractors are employed by or contracted to NZ Farmers Livestock Limited, which has a separate Board that deals with the remuneration of its employees and contractors.

The Board will establish committee members as appropriate ahead of any need for the Remuneration Committee to meet.

Finance Committee

Responsibilities

- Provide direction to the Board for fiscal responsibility and corporate finance strategies
- Ensure the maintenance of an appropriate capital structure
- Review Treasury function and investment management decisions
- Provide strategic oversight on financial matters

Members of the Finance Committee are: Garry Bluett (Chair) and Andrew McDouall.

CONTROLLING AND MANAGING RISKS

Approach to Risk Management

The Company identifies, assesses and manages risks which affect its business.

Due to its small size and limited operations, risk management is monitored directly by the Board predominantly by reviewing budget and forecasting

In managing financial risk around treasury transactions, the Board has approved principles and policies that specify who may authorise transactions under delegated authority and also the segregation of duties of those carrying out such transactions.

External audit reports to the Audit Committee comment on the adequacy and effectiveness of the Company's internal controls. The Audit Committee in turn reports this information to the Board.

ASSURANCE

During the most recent financial year, management has reported to the Board on the effectiveness of the company's management of its material business risks. As part of that report, appropriate assurances were received from management that the system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks.

EXTERNAL AUDIT INDEPENDENCE

The Audit Committee is responsible for making recommendations to the Board concerning the appointment of the Company's external auditors and their terms of engagement. At the annual meeting in November 2014, directors confirmed the automatic reappointment of PricewaterhouseCoopers as the Company's external auditors pursuant to Section 107T of the Companies Act 1993, and shareholders approved the Board setting the remuneration of the auditors.

The Company is committed to auditor independence. The Audit Committee reviews the independence and objectivity of the external auditors. For this reason the work of PricewaterhouseCoopers is limited to audit, related assurance, and taxation; and the Audit Committee or its Chair is required to pre-approve all audit and related assurance services. The External Audit Independence Policy requires rotation of audit partners every five years.

The external auditors review all Board minutes and attend Audit Committee meetings. The Audit Committee also meets with the external auditors without management present and meets with management without the external auditors being present. Committee members may contact the external auditors directly at any time. The breakdown between audit fees and non-audit fees paid to the auditors is set out in the financial statements.

PROMOTING ETHICAL AND RESPONSIBLE BEHAVIOUR

The Company expects all its employees, contractors and Directors to maintain the highest ethical standards. The Company's employees and contractors are expected to conduct their professional lives by facilitating behaviour and decision making that meets the Company's business goals and also is consistent with the values, policies, and legal obligations of the Company.

INTERNAL POLICIES AND PROCEDURES

All staff are responsible for ensuring that the Company carries out its business activities in a way that gives due consideration to all applicable legal requirements, minimises the cost of legal risk, and maximises business opportunities. Managers are responsible for making sure their staff understand what compliance means in their particular areas, by ensuring appropriate training and compliance information is available.

INSIDER TRADING AND TRADING IN COMPANY SHARES

Directors and employees are subject to 'insider trading' restrictions under the law relating to dealing in securities and other related derivatives if they are in possession of inside information. Inside information is information that is not generally available to the public and, if it were generally available, would be expected by a reasonable person to have a material effect on the price or value of those securities.

To ensure compliance with these legal requirements the Company specifies that certain “Restricted Persons” are prohibited from trading in any Restricted Securities during specific "black-out" periods, unless the Board provides a specific exemption. These include 30 days prior to Allied Farmers Limited half-year and year end balance dates until the first trading day after the results are released to NZX, or 30 days prior to release of a prospectus for a general public offer of the same class of Restricted Securities. In addition, Restricted Persons who hold material information must not trade Restricted Securities at any time - regardless of these periods.

Within the framework of New Zealand’s insider trading laws, the Board has resolved that prior consent of such transactions must be granted by the Chairman.

The completion of any such transaction must also be notified to the Chairman.

In addition, as required by Sections 297(2) and 298(2) of the Financial Markets Conduct Act 2013, all trading by Directors and senior management is reported to NZX.

MARKET DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company is committed to providing comprehensive continuous disclosure to shareholders and other stakeholders, and complying with the NZX Main Board listing rules.

The Company requires certain senior management and in some cases the Chairman, to discuss whether information is material prior to its release.

The Board is responsible for ensuring that all material information is lodged as soon as practicable with NZX and has put in place processes to ensure that such information is published on the Company’s website where appropriate, with further dissemination through broadcast emails to news agencies and other market commentators if appropriate.

The Company has appointed the Chairman as authorised spokesperson who is required to ensure that all proposed public comments either contain information already in the public domain or are not material. The Company’s website contains information about the Company and/or relevant reference to the NZX website where market disclosures are made.

Full participation of shareholders at the annual meeting is encouraged. Shareholders will have the opportunity to ask questions of the Chairman, management, and Directors at the annual meeting.

DIVERSITY

Allied has not developed a diversity policy, as the current employee numbers and the challenges of attracting new directors to the Board means that such a policy is not worthwhile at this time. The Board will review this position if circumstances change.

GENDER

The gender of composition of directors and officers as at 30 June 2015 was as follows:

	2015	**2014**
Directors	Male 4 (100%) female (0%)*	Male 4 (100%) female (0%)
Officers	Male 1 (100%) female (0%)	Male 1 (100%) female (0%)

* Jeff Keenan resigned on 30 June 2015, and therefore there are currently 3 male directors

Consolidated Statement of Comprehensive Income

Allied Farmers Limited and Subsidiaries
For the year ended 30 June 2015

	Note	**Group 2015 $000**	**Group 2014 $000**
Revenue			
Sale of goods		**5,139**	4,985
Interest income	2	**95**	158
Commission Income	2	**9,456**	9,755
		14,690	14,898
Gain on settlement of liability	13/16	**635**	818
Other income	3	**17**	365
		652	1,183
Total income		**15,342**	16,081
Expenses			
Cost of inventory sold		**4,540**	4,168
Interest and funding expense	4	**875**	903
Rental and operating leases		**108**	66
Employee benefit expense	5	**4,451**	4,667
Depreciation and amortisation	6	**378**	362
Other operating expenses	7	**3,875**	4,754
Total expenses		**14,227**	14,920
Profit before income tax		**1,115**	1,161
Income tax expense	9	**(460)**	-
Profit for the year		**655**	1,161
Total comprehensive income for the year attributable to:			
Owners of the Parent		**128**	1,028
Non-Controlling Interests	12	**527**	133
		655	1,161
Total earnings per share attributable to the equity holders of the Parent Company			
Basic (cents per share)	8	0.12	1.06
Diluted (cents per share)	8	0.12	1.03

The notes on pages 25 to 50 are an integral part of these financial statements

Consolidated Statement of Changes in Equity

Allied Farmers Limited and Subsidiaries
For the year ended 30 June 2015

	Note	Share Capital $000	Accumulated losses $000	Non Controlling Interests $000	Total Equity $000
Closing balance as at 30 June 2013		**148,264**	**(154,178)**	**446**	**(5,468)**
Comprehensive income					
Net profit for the year ended 30 June 2014		-	1,028	133	1,161
Total comprehensive income		-	1,028	133	1,161
Transactions with owners					
Share capital issued	10	734	-	-	734
Issue of share options	10	58	-	-	58
Dividends paid to Non Controlling Interests	12	-	-	(372)	(372)
Total transactions with owners		792	-	(372)	420
Closing balance as at 30 June 2014		**149,056**	**(153,150)**	**207**	**(3,887)**
Comprehensive income					
Net profit for the year ended 30 June 2015		-	128	527	655
Total comprehensive income		-	128	527	655
Transactions with owners					
Share capital issued	10	1,191	-	-	1,191
Sale of shares in NZ Farmers Livestock Ltd	19	-	805	195	1,000
Dividends paid to Non Controlling Interests	12	-	-	(434)	(434)
Total transactions with owners		1,191	805	(239)	1,757
Closing balance as at 30 June 2015		**150,247**	**(152,217)**	**495**	**(1,475)**

The notes on pages 25 to 50 are an integral part of these financial statements

Consolidated Balance Sheet

Allied Farmers Limited and Subsidiaries
As at 30 June 2015

	Note	**Group June 2015 $000**	Group June 2014 $000
Equity			
Share capital	10	**150,247**	149,056
Reserves	11	**(152,217)**	(153,150)
		(1,970)	(4,094)
Non Controlling Interests	12	**495**	207
Total equity (deficit)		**(1,475)**	(3,887)
Liabilities			
Current liabilities			
Trade and other payables	14	**6,771**	6,760
Borrowings	13	**635**	3,849
Provisions	15	**742**	916
Total current liabilities		**8,148**	11,525
Non-current liabilities			
Borrowings	13	**5,208**	3,260
Trade and other payables	14	**-**	740
Total non-current liabilities		**5,208**	4,000
Total liabilities		**13,356**	15,525
Total liabilities and shareholders equity		**11,881**	11,638
Assets			
Current assets			
Cash and cash equivalents	22	**2,285**	2,882
Trade and other receivables	23	**5,180**	4,778
Inventory	24	**47**	-
Other Investments	25	**90**	90
Current taxation	9	**169**	63
Total current assets		**7,771**	7,813
Non-current assets			
Deferred tax asset	9	**134**	190
Property, plant and equipment	17	**3,967**	3,624
Intangible assets	18	**9**	11
Total non-current assets		**4,110**	3,825
Total assets		**11,881**	11,638

The notes on pages 25 to 50 are an integral part of these financial statements

The Board of Directors of Allied Farmers Limited authorised these financial statements for issue on 11 September 2015.

Signed on behalf of the Board of Directors:

Director

Director

Consolidated Statement of Cash Flows

Allied Farmers Limited and Subsidiaries

For the year ended 30 June 2015

	Note	Group 2015 Year $000	Group 2014 Year $000
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers		**14,288**	15,460
		14,288	15,460
Cash was applied to:			
Payments to suppliers and employees		**(13,917)**	(14,610)
Interest paid		**(776)**	(542)
Taxation paid	9	**(524)**	(60)
		(15,217)	(15,212)
Net cash flows (used in)/ from operating activities		**(929)**	248
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of shares in NZFLL	19	**1,000**	-
Sale of property, plant and equipment	17	**181**	-
Dividend received		**20**	362
		1,201	362
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets	17	**(204)**	(36)
		(204)	(36)
Net cash flows from investing activities		**997**	326
Cash Flows from Financing Activities			
Cash was provided from:			
Issue of bonds and share options	13	**1,000**	600
Issue of shares	10	**1,166**	-
Borrowings	13	**-**	4,742
		2,166	5,342
Cash was applied to:			
Borrowings	13	**(2,397)**	(3,908)
Dividends paid to non controlling interests	12	**(434)**	(372)
		(2,831)	(4,280)
Net cash flows (used in)/ from financing activities		**(665)**	1,062
Net (decrease)/ increase in cash and cash equivalents		**(597)**	1,636
Cash and cash equivalents at beginning of year		**2,882**	1,246
Cash and cash equivalents at end of year	22	**2,285**	2,882

The notes on pages 25 to 50 are an integral part of these financial statements.

Reconciliation of Operating Cash Flows

Allied Farmers Limited and Subsidiaries

For the year ended 30 June 2015

Reconciliation of net profit after tax for the year with cash flow from operating activities:

	Note	**Group 2015 Year $000**	Group 2014 Year $000
Net profit after tax for the period		**655**	1,161
Adjustments for:			
Gain on settlement of liability	13/16	**(635)**	(818)
Gain on reversal of provision/accrual		**(285)**	-
Loss on sale of assets		**243**	43
Depreciation	6	**373**	310
Amortisation of intangibles	6	**5**	52
Doubtful debts on trade receivables	23	**2**	5
Capitalisation of interest expense		**-**	361
Net difference upon write back deferred taxation/recognition		**64**	-
Dividend received treated as Investing activity		**(20)**	(362)
		(253)	(409)
Movement in working capital:			
Decrease in loans and advances		**-**	532
(Increase)/Decrease in trade and other receivables		**(508)**	611
Increase/(Decrease) in payables and provisions		**(776)**	(1,695)
(Increase)/decrease in inventory		**(47)**	48
		(1,331)	(504)
Net cash (outflows)/inflows from operating activities		**(929)**	248

The notes on pages 25 to 50 are an integral part of these financial statements

Statement of Accounting Policies

Allied Farmers Limited and Subsidiaries
For the year ended 30 June 2015

GENERAL INFORMATION

These financial statements have been approved for issue by the Board of Directors on 11 September 2015.
The Board of Directors do not have the power to amend the financial statements after they have been issued.

Allied Farmers Limited and Subsidiaries (together "the Group") are a rural services group, with its predominant activities comprising the sale of livestock including bobby calves and the provision of asset management services.

Allied Farmers Limited ("the Parent Company") is a limited liability company, incorporated and domiciled in New Zealand. The Parent Company's registered address is:

201 Broadway
Stratford
New Zealand

Allied Farmers Limited is a public company listed on the New Zealand Stock Exchange Main Board (NZX code: ALF).

BASIS OF PREPARATION

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

Allied Farmers Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because group financial statements are prepared and presented for Allied Farmers Limited and its subsidiaries, separate financial statements for Allied Farmers Limited are no longer required to be prepared and presented.

The consolidated financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are applied as identified below.

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

These financial statements are prepared in New Zealand dollars ($), which is the Group's functional currency. Amounts have been rounded to the nearest thousand.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group.

- Amendment to NZIAS 32, "Financial instruments presentation" regarding offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of a default, insolvency or bankruptcy. The amendment also considers settlement mechanisms.

The adoption of this amendment has not resulted in any material accounting or disclosure changes for the Group.

(b) New standards and interpretations not yet adopted by the Group.

Certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board (IASB) and the External Reporting Board (XRB) that are mandatory for future periods and which the Group will adopt when they become mandatory.

NZ IFRS 9: *Financial Instruments* (Effective date: periods beginning on or after 1 January 2018)

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of NZ IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

NZ IFRS 15: *Revenue from contracts with customers*

NZ IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group intends to adopt NZ IFRS 15 on its effective date and is currently assessing its full impact.

There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains.

Joint arrangements
The Group applies NZ IFRS 11 to all joint arrangements. Under NZ IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. As joint operations, the Group accounts for its share of the revenue, expenses, assets and liabilities.

OPERATING REVENUE AND EXPENSES

Sales of goods
Revenue from the sale of goods (primarily the sale of calf meat and skins) is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Interest income and expense
Interest income and expense for all interest bearing financial instruments are recognised within "Interest income" and "Interest and funding expense" in the statement of comprehensive income using the effective interest method.

Fee and commission income
Fees that are received in relation to the provision of a loan or advance, and thus deemed to be yield-related, are recognised as an adjustment to the effective interest rate.   Other fees and commission income which are non-yield related are recognised on an accrual basis once the underlying service has been provided.   All fees and commission income are recognised within "Interest and fee income".

The Group acts as an agent for livestock transactions, for which the commission income is recognised in the statement of comprehensive income on an accrual basis when the service has been provided and the commission earned. Additionally revenue is recognised in the statement of comprehensive income on a net basis given the Group's classification as an agent.

In some circumstances the Group acts as an agent in conjunction with another agent company. In these circumstances the commission earned is shared. The cost paid to the sharing agent company has been netted off the commission received.

INVENTORIES

Inventories
Inventories are recorded at cost including the direct cost of purchase, costs of conversion and other costs of bringing the inventories to their present location and condition.

TAXATION

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets or liabilities are determined using tax rates that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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

Any current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement. At balance date, foreign denominated monetary assets and liabilities are translated at the closing exchange rate, with exchange variations arising from these translations being recognised in the statement of comprehensive income.

FINANCIAL ASSETS

Purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset.

The Group classify their financial assets into the following: financial assets at fair value through profit or loss and loans and receivables. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading, or designated as such on initial recognition on the basis that the financial asset is part of a group of financial assets and whose performance is evaluated on a fair value basis in accordance with the documented risk management or investment strategy of the Group and information about the group of financial assets is provided on a fair value basis to the Group 's key management personnel.

Derivatives are categorised as held for trading unless they are designated as hedging instruments. Subsequent to initial measurement financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

The Group do not engage in any speculative transactions or hold derivative financial instruments for trading purposes.

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

Loans and receivables include loans and advances, cash and cash equivalents, and trade receivables.

Loans and advances are initially recognised at fair value less transaction costs and subsequently at amortised cost using the effective interest method, less provisions for impairment raised in accordance with the policy note set out for impairment of financial and non-financial assets.

Derecognition
Financial assets are derecognised when the rights to the cash flows of the assets have expired or the rights to receive the cash flows of the assets and substantially all the risks and rewards of the assets have been transferred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

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

LEASES

Operating lease assets
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership to the lessee. Items of equipment leased to clients under operating leases are included as fixed assets in the balance sheet.

Finance Leases
The Group leases certain assets where the Group has substantially all the risks and rewards of ownership. These are classified as finance leases. Finance leases are capitalised at the leases commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the leased asset and the lease term.

TESTING FOR IMPAIRMENT

Assets 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists, and then the impairment loss may be reversed.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at historical or deemed cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated.

All other property, plant and equipment are depreciated on a straight line basis at rates that will write off the cost of the assets over their estimated useful lives, as follows:

Asset class	**Estimated Useful Life**
Buildings	14 - 30 years
Plant and Equipment	1 - 30 years
Motor Vehicles	3 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

INTANGIBLE ASSETS

Software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives, which is estimated to be between one and six years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products and websites controlled by the Group, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives (not exceeding three years).

TRADE AND OTHER PAYABLES

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

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of expenditure expected to be required to settle the obligation using a pre-tax interest 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 expense.

EMPLOYEE BENEFITS

Liabilities for wages and salaries, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

BORROWINGS AND BORROWING COSTS

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

GOODS AND SERVICES TAX (GST)

The operations of the Group comprise taxable and exempt supplies. All balances in the balance sheet are stated net of GST with the exception of trade receivables and payables which are shown inclusive of GST, and fixed assets which may be shown inclusive or exclusive of GST depending on whether or not the GST was recoverable at time of purchase.

Where goods and services are purchased that relate to exempt supplies, the amounts recognised are inclusive of non-recoverable GST.

DIVIDENDS

Dividends are recognised as a liability in the period in which they are approved by the Parent Company's Board. Dividends that are approved after balance date are noted as a subsequent event.

FAIR VALUE ESTIMATION

NZ IFRS 13 defines fair value as the market price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
That definition of fair value emphasises that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

Fair value measurement requires determination of the following:

(a) the particular asset or liability being measured;

(b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand alone basis;

(c) the market in which an orderly transaction would take place for the asset or liability; and

(d) the appropriate valuation technique(s) to use when measuring fair value. The valuation techniques(s) used should maximise the use of relevant observable inputs and minimise unobservable inputs. Those inputs should be consistent with the inputs a market would use when pricing the asset or liability.

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year (note 8).

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares being share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Parent's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options (note 10).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates and assumptions

The Group makes estimates and assumptions about the future in preparing their financial statements that effect the reported amounts of assets and liabilities. The actual results in the future will often differ from the estimates made. Estimates and judgments 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern and liquidity

The financial statements have been presented on a going concern basis. The cash flow forecasts for the Group have highlighted that there is a material uncertainty on the Group's ability to continue as a going concern. In order for there to be a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future, there will need to be:

- timely receipt of distributions from New Zealand Farmers Livestock Limited;
- agreement of arrangements with certain creditors for satisfaction of outstanding balances
- arrangements to satisfy debt maturities in 2016 (see note 13);
- arrangements to satisfactorily renegotiate with the lenders about repayment plans or extension of the facilities in 2016 (see note 13);
- achievement of the key assumptions underpinning the 2016 financial performance and cash flow forecasts.

In approving these financial statements for issue the Directors consider the adoption of the going concern assumption to be appropriate having taken account of the matters listed above and their ability to undertake the actions necessary to meet those assumptions. To this end the directors are intending to negotiate with the Bond holders about a repayment plan or extension of the facilities; seeking to confirm arrangements with other creditors; have planned a series of dividends from NZ Farmers Livestock Ltd and continuing to look for growth opportunities for NZ Farmers Livestock Ltd. The Directors forecast that they can generate sufficient cash flows to meet their obligations as they fall due, and have reasonable expectations that this forecast will be met.

These financial statements do not include any adjustments that may need to be made to reflect the situation should the Group be unable to continue as a going concern. Such adjustments may include assets being realised at other than the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify certain non-current assets and liabilities as current.

1. Financial information on segments of the business

For the year ended 30 June 2015, the Group was organised into two main business segments, Livestock Services and Asset Management Services.

The Asset Management Services segment manages the assets previously acquired from Hanover Finance Limited, United Finance Limited and their subsidiary companies. The Asset Management Services activities are carried out by Allied Farmers Investments Limited and subsidiary companies, predominately in New Zealand. The Asset Management Services activities are not subject to seasonality.

The Livestock Services segment predominantly relates to sale yard activities and bobby calf sales carried out in Taranaki, Waikato, King Country, Manawatu and the South Island. The Livestock activities are influenced by seasonality. Livestock Sales are normally stronger in the Autumn season and Bobby Calf sales traditionally occur mainly in the first half of the financial year.

Corporate activities comprise the corporate activities of the Group including the remaining activities of the holding company Allied Farmers Rural Ltd.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The segment results for the year ended 30 June 2015 are as follows:

	Asset Management	Livestock Services	Corporate	Total Continuing
	$000	**$000**	**$000**	**$000**
Sales of goods and fee income	-	14,595	-	14,595
Interest Income	-	95	-	95
Other Income	157	-	1,943	2,100
Inter-segmental income	-	-	(1,448)	(1,448)
Total income	**157**	**14,690**	**495**	**15,342**
Cost of Inventory	-	(4,540)	-	(4,540)
Depreciation and amortisation	-	(378)	-	(378)
Interest and funding expense (external)	(21)	(577)	(277)	(875)
Employee benefit expense	(37)	(4,374)	(40)	(4,451)
Net other expenses (external)	131	(3,339)	(775)	(3,983)
Profit / (loss) before income tax	**230**	**1,482**	**(597)**	**1,115**
Income tax	-	(270)	(190)	(460)
Profit / (loss) after income tax	**230**	**1,212**	**(787)**	**655**

The segment assets and liabilities as at 30 June 2015 are as follows:

	Asset Management $000	Livestock Services $000	Corporate $000	Total Continuing $000
Current Assets	90	6,860	821	7,771
Non Current Assets	-	4,107	3	4,110
Assets	**90**	**10,967**	**824**	**11,881**
Current Liabilities	(30)	(6,273)	(1,845)	(8,148)
Non Current Liabilities	-	(3,608)	(1,600)	(5,208)
Liabilities	**(30)**	**(9,881)**	**(3,445)**	**(13,356)**
Capital expenditure	**-**	**1,140**	**-**	**1,140**

Segment assets and liabilities are disclosed net of intercompany balances.

The segment results for the year ended 30 June 2014 are as follows:

	Asset Management $000	Livestock Services $000	Corporate $000	Total Continuing $000
Sales of goods and fee income	-	14,737	-	14,737
Interest Income	25	133	-	158
Other Income	373	-	3,776	4,149
Inter-segmental income	-	-	(2,963)	(2,963)
Total income	**398**	**14,870**	**813**	**16,081**
Depreciation and amortisation	-	(362)	-	(362)
Interest and funding expense (external)	(74)	(450)	(321)	(845)
Net other expenses (external)	(55)	(12,513)	(1,146)	(13,713)
Profit / (loss) before income tax	**269**	**1,545**	**(654)**	**1,161**
Income tax	-	(190)	190	-
Profit / (loss) after income tax	**269**	**1,355**	**(464)**	**1,161**

The segment assets and liabilities as at 30 June 2014 are as follows:

	Asset Management $000	Livestock Services $000	Corporate $000	Total Continuing $000
Current Assets	103	7,320	390	7,813
Non Current Assets	-	3,631	194	3,825
Assets	**103**	**10,951**	**584**	**11,638**
Current Liabilities	(942)	(6,756)	(3,827)	(11,525)
Non Current Liabilities	-	(3,260)	(740)	(4,000)
Liabilities	**(942)**	**(10,016)**	**(4,567)**	**(15,525)**
Capital expenditure	**-**	**3,833**	**-**	**3,833**

Segment assets and liabilities are disclosed net of intercompany balances.
Income received by one member of the Group from another member of the Group is accounted as income in the recipient company for the purposes of reporting the segment results. That income and expense is eliminated on consolidation.

2 Interest and fee income

	Note	Group June 2015 $000	Group June 2014 $000
Loans and advances		**-**	25
Interest income		**95**	133
Commission income		**9,456**	9,755
		9,551	9,913

3 Other income

	Note	Group June 2015 $000	Group June 2014 $000
Other income		**17**	365
		17	365

4 Interest and funding expense

	Note	Group June 2015 $000	Group June 2014 $000
Borrowings - Crown Asset Management Ltd		**55**	238
Borrowings - Bank and other borrowings		**296**	219
Borrowings - Finance lease		**234**	107
Borrowings - Bonds		**199**	100
Other		**91**	239
		875	903

5 Employee benefit expense

	Note	Group June 2015 $000	Group June 2014 $000
Wages and salaries		**4,451**	4,667
		4,451	4,667

6 Depreciation and amortisation

	Note	Group June 2015 $000	Group June 2014 $000
Depreciation			
Buildings	17	**61**	51
Motor vehicles	17	**275**	223
Plant and equipment	17	**37**	36
		373	310
Amortisation of intangible assets			
Computer software	18	**5**	52
		378	362

7 Other operating expenses

	Note	Group June 2015 $000	Group June 2014 $000
Included in other operating expenses are:			
PricewaterhouseCoopers - audit fees		**152**	152
PricewaterhouseCoopers - accounting advice		**15**	5
PricewaterhouseCoopers - share register audit		**3**	3
PricewaterhouseCoopers - taxation advice		**12**	-
Commission paid to agents and other expenses		**1,917**	2,231
Directors' fees	26	**180**	179
Information systems expenses		**177**	54
Loss on sale of fixed assets		**243**	73
Loss on disposal of intangible assets		**-**	87
Insurance		**154**	370
Marketing and advertising		**157**	257
Telecommunications		**212**	189
Vehicle Expenses		**405**	442
Other expenses		**248**	712
		3,875	4,754

8 Earnings per share

	Group June 2015	Group June 2014
(a) Basic earnings per share		

The calculation of basic earnings per share at 30 June 2015 for total, continuing operations was based on the following profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group June 2015	Group June 2014
Profit attributable to owners of the parent from continuing operations ($000)	**128**	1,028
Weighted average number of ordinary shares on issue (thousands)	**107,819**	96,909
Basic earnings per share (cents)	**0.12**	1.06

(b) Diluted Earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares at the date of issue (2,320,000 share options available to be exercised as at 30 June 2015). The Group issued options attached to the issue of the Bonds by Allied Farmers Rural Ltd in financial year 2014. This has created a category of diluted potential ordinary shares at 30 June 2015.

	Group June 2015	Group June 2014
Profit attributable to the owners of the parent from continuing operations ($000)	**128**	1,028
Weighted average number of ordinary shares on issue (thousands)	**110,139**	99,519
Diluted earnings per share (cents)	**0.12**	1.03

9 Taxation

	Group June 2015 $000	Group June 2014 $000
Current tax:		
Current tax on profits for the year	**404**	435
Deferred tax:		
Origination and reversal of temporary differences	**-**	(435)
Derecognition of deferred tax asset related to previous losses carried forward	**190**	-
Recognition of deferred tax asset related to employee provisions	**(134)**	-
Income tax expense	**460**	-

	Group June 2015 $000	Group June 2014 $000
Profit from continuing operations before income tax	**1,115**	1,161
Prima facie income tax expense at 28%	**312**	325
Plus/(less) tax effect of permanent and temporary differences:		
Non-deductible expenditure	**3**	-
Timing differences not recognised	**(14)**	110
Utilisation of tax losses not previously recognised	**-**	(435)
Derecognition of deferred tax asset related to previous losses carried forward	**190**	-
Recognition of deferred tax asset related to employee provisions	**(134)**	-
Effect of current year tax loss not available for off-set against Group companies	**103**	-
Income tax expense	**460**	-

9 Taxation (continued)

	Group 2015 $000	Group 2014 $000
Current tax receivable:		
Opening balance	**63**	3
Current tax overpayment	**106**	60
Closing balance	**169**	63
Deferred tax balances:		
Opening balance	**190**	190
Derecognition of deferred tax asset related to previous losses carried forward	**(190)**	435
Recognition of tax losses not previously recognised		
Deferred tax impact of employee provisions	**134**	-
Utilisation of tax losses	**-**	(435)
Closing balance	**134**	190

Deferred tax is made up of the following temporary differences:

	Group 2015 $000	Group 2014 $000
Deferred tax assets:		
Employee provisions	**134**	-
Tax losses expected to be recognised in future period	**-**	190
	134	190

Group unrecognised deferred tax assets as at 30 June 2015 total $781,000 gross (June 2014: $1,056,000), comprising unused tax losses of $781,000 (June 2014: $1,056,000) and deductible temporary differences of $nil (June 2014: $nil).

Deferred income tax assets are recognised for tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. The tax losses are available to be offset against the future taxable profits of the Group, subject to the shareholder continuity requirements of the tax legislation being met.

As at 30 June 2015 the balance of imputation credits available to the shareholders of the Parent Company were $149,397 (June 2014: $1,547).

10 Share capital

	Group 2015 $000	Group 2014 $000
Ordinary shares (fully paid)		
Balance at beginning of year	**148,998**	148,264
Issue of ordinary shares*	**1,191**	734
Transfer due to exercise of options	**19**	-
Balance at end of year	**150,208**	148,998
Share options		
Balance at beginning of year	**58**	-
Transfer due to exercise of options	**(19)**	58
Balance at end of year	**39**	58
Total	**150,247**	149,056
Number of shares issued and fully paid	**000's**	000's
Balance at beginning of year	**105,471**	90,793
Issue of ordinary shares	**24,360**	14,678
Balance at end of year	**129,831**	105,471

* Shares issued for the year in value total $1,191,000 of which $25,000 were issued to Speirs Group Ltd as part of the settlement of their debt. This did not provide any cash receipts to the Group.

During the year the Group issued 24,360,000 shares. The total number of shares on issue as at 30 June 2015 is 129,830,925 (June 2014: 105,470,925).

Ordinary shares in the Parent do not have a par value. All ordinary shares rank equally as to voting, dividends and distribution of capital on liquidation.

Prior year issue of share options

Allied Farmers Rural Ltd issued $600,000 of Bonds on 13 September 2013. The Bonds contain a provision that for every 10 Bonds the Bondholders have the option to 58 ordinary shares in Allied Farmers Ltd. This option can be exercised at any time within 5 years from the grant date. The number of options issued was 3,480,000. The Options may be exercised at any time by the Bondholder in whole but not in part by written notice to Allied Farmers Ltd no later than the expiry date of the Options accompanied by full payment of the aggregate exercise price. At 30 June 2015 2,320,000 of the options were exercisable. When the options are exercised, the Parent issues new shares and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

The Bonds issued were initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method. The share options were also recorded at fair value at the grant date of 13 September 2013 using the Black Scholes model. The Group determined the fair value of these Options to be $58,000.

The significant inputs into the model were the weighted average share price of 2.7 cents at the grant date, the exercise price of 2.7 cents, the volatility of 76.7%, an expected option life of 2.5 years and an annual risk free return rate of 3.03%.

On 30 September 2014 1,160,000 options were exercised providing a share issue consideration of $31,320. There are 2,320,000 options remaining that have not been exercised.

11 Reserves

	Group 2015 $000	Group 2014 $000
Accumulated losses		
Balance at beginning of year	**(153,150)**	(154,178)
Net profit for the year	**128**	1,028
Sale of shares in subsidiary New Zealand Farmers Livestock Ltd	**805**	-
Balance at end of year	**(152,217)**	(153,150)

12 Non Controlling Interest

	Group 2015 $000	Group 2014 $000
New Zealand Farmers Livestock Ltd		
Balance at beginning of year	**207**	446
Current year profit attributable to non controlling interests	**527**	133
Sale of shares in NZ Farmers Livestock Ltd	**195**	-
Dividend paid to Non Controlling Interests	**(434)**	(372)
Balance at end of year	**495**	207

The summarised financial information for the subsidiaries that have Non Controlling Interests that are material to the Group is found in Note 1 to these financial statements and is shown as the Livestock Services segment, with the exception of summarised cash flows which are shown below.

The summarised financial information in Note 1 is disclosed net of intercompany balances. The intercompany balances within the Livestock Services segment that have been eliminated are an intercompany current account balance of $241,267 from the Current Assets (2014: $318,000).

	Livestock Services 2015 $000	Livestock Services 2014 $000
Cashflows generated from operating activities		
Cash generated from operations	**1,720**	2,842
Interest paid	**(615)**	(449)
Income tax paid	**(524)**	(60)
Net cash generated from operating activities	**581**	2,333
Net cash (used in) investing activities	**(22)**	(3,689)
Net cash (used in) generated from financing activities	**(1,550)**	2,810
Net (decrease) / increase in cash and cash equivalents	**(991)**	1,454
Cash and cash equivalents at beginning of year	**2,599**	1,145
Cash and cash equivalents at end of year	**1,608**	2,599

13 Borrowings

	Group 2015 $000	Group 2014 $000
Current		
Bank borrowings (secured)	**265**	407
Crown Asset Management Ltd (secured)	**-**	2,570
Bonds (secured)	**-**	600
Finance leases	**370**	272
	635	3,849
Non Current		
Bank borrowings (secured)	**2,385**	2,465
Bonds (secured)	**1,600**	-
Other borrowings (secured)	**700**	700
Finance Leases	**523**	95
	5,208	3,260

Bank borrowings

New Zealand Farmers Livestock Ltd borrowed $3,050,000 on 3 September 2013 from the ANZ Bank New Zealand Limited to part finance the acquisition of the sale yards purchased from Allied Farmers Ltd. The loan was secured by way of a first mortgage charge over the sale yards. The current interest rate on the loan is fixed at 6.14% p.a. until repayment on 6 September 2016. The loan is repayable monthly at $35,458 per month over 3 years. The balance owing at 30 June 2015 is $2,644,125 (30 June 2014: $2,877,587) see note 27.6.

Overdraft Facilities

A subsidiary, NZ Farmers Livestock Limited has an overdraft facility of $1,000,000 which is in overdraft as at 30 June 2015 to $4,858 (June 2014: undrawn facility of $1,000,000). This facility has an interest rate equal to the commercial overdraft interest rate of the bank minus 2.4% p.a. and is secured over the assets of NZ Farmers Livestock Limited excluding its subsidiary Farmers Meat Export Limited.

A subsidiary Farmers Meat Export Ltd has, from 1 July 2015, an undrawn overdraft facility of $1,500,000 which expires on 31 January 2016. This facility has an interest rate equal to the commercial overdraft interest rate of the bank minus 2.4% p.a. and is secured over the assets of Farmers Meat Export Ltd.

The creation of the new Farmers Meat Export Ltd facility has created the following additional securities granted in favour of the ANZ Bank New Zealand Ltd - A cross guarantee between New Zealand Farmers Livestock Limited and Farmers Meat Export Limited, a first ranking General Security Agreement over all the assets of Farmers Meat Export Limited, and a first ranking General Security Agreement of all the assets of New Zealand Farmers Livestock Limited.

Crown Asset Management Ltd

On 5 August 2014 the Group reached a settlement with Crown Asset Management Ltd which involved a payment in full and final settlement of all obligations to Crown Asset Management Ltd.

Other borrowings

New Zealand Farmers Livestock Ltd borrowed $700,000 on the 3 September 2013 from a related party, see note 26, to part finance the acquisition of the sale yards from Allied Farmers Ltd. The loan is secured by way of second mortgage over the sale yards. The loan is for a 3 year period at an interest rate of 12% p.a. There are no additional financial covenants to these borrowings to those covenants provided to the ANZ Bank New Zealand Ltd.

Bonds

Allied Farmers Rural Ltd issued $600,000 of Bonds on 13 September 2013. The Bonds contain a provision that for every 10 Bonds the Bondholders have the right to 58 ordinary shares in Allied Farmers Ltd. The Bonds are secured by way of a first charge General Security Agreement over all of the assets and undertakings of Allied Farmers Ltd and subsidiaries excluding New Zealand Farmers Livestock Ltd and subsidiaries and a specific security over the shares held by Allied Farmers Rural Ltd in New Zealand Farmers Livestock Ltd plus a guarantee from Allied Farmers Ltd and subsidiaries. The Bonds mature on 29 August 2016. These bonds have an interest rate of 12% per annum. There are no specific financial covenants. See note 10.

Allied Farmers Rural Ltd issued a further $1,000,000 of Bonds on 30 September 2014. The Bonds are secured by way of a first charge General Security Agreement over all of the assets and undertakings of Allied Farmers Ltd and subsidiaries excluding New Zealand Farmers Livestock Ltd and subsidiaries and a specific security over the shares held by Allied Farmers Rural Ltd in New Zealand Farmers Livestock Ltd plus a guarantee from Allied Farmers Ltd and subsidiaries. The Bonds repayment date is 30 September 2017 and have an interest rate of the one year interest rate swap mid rate per annum determined by Westpac Bank New Zealand on 30 September each year plus a margin of 6 percentage points. At the 30 June 2015 the interest rate on the Bonds was 9.87% p.a. There are no specific financial covenants.

Borrowing Covenants

ANZ Bank New Zealand Ltd

The bank applies a financial covenant annually that the New Zealand Farmers Livestock Ltd EBITDA (earnings before interest, taxation, depreciation and amortisation) must be at least 3 times the interest cost expense. The company has complied with this covenant throughout the year. In addition the Group must provide annual financial statements within 5 months after balance date.

Finance Leases

	Group 2015 $000	Group 2014 $000
Finance Lease Liabilities		
Lease liabilities are effectively secured as the right to the leased asset revert to the lessor in the event of default		
Gross Finance Lease Liabilities - minimum lease payments		
No later than 1 year	**433**	361
Later than 1 year and no later than 5 years	**552**	102
	985	463
Future Finance Charges of Finance Lease Liabilities	**(92)**	(96)
Present Value of Finance Lease Liabilities	**893**	367
The present value of finance lease liabilities is as follows:		
No later than 1 year	**370**	272
Later than 1 year and no later than 5 years	**523**	95
Later than 5 years	**-**	-
	893	367

Finance Lease liabilities have arisen on the financing of the acquisition of motor vehicles. The Finance Leases provide for the ownership of the vehicle to remain with the Lessor and New Zealand Farmers Livestock Ltd (the Lessee) has a committment to pay monthly installments over a period of years. The security for the Finance Leases is the motor vehicle. The lessee has also committed to meet further obligations relating to distance covered and condition of the vehicle on the expiry of the Finance Lease. There are options to purchase in respect of motor vehicles held under finance leases.

14 Trade and other payables

	Group 2015 $000	Group 2014 $000
Trade creditors	**5,910**	5,348
Employee entitlements	**320**	658
Other creditors and payables	**541**	1,494
	6,771	7,500
Classified as:		
Current	**6,771**	6,760
Non-current	**-**	740
	6,771	7,500

In the event of liquidation of the Parent, unless statutorily required otherwise, all creditors within this class will rank in priority ahead of shareholders.

15 Provisions

	Group 2015 $000	Group 2014 $000
Employee benefits		
Opening balance	**498**	517
Additional provisions charged to the income statement	**548**	310
Amounts charged against the provision during the year	**(615)**	(329)
Closing balance	**431**	498
Other items		
Opening balance	**418**	399
Additional provisions charged to the income statement	**28**	19
Amounts charged against the provision during the year	**(135)**	-
Closing balance	**311**	418
	742	916

	Group 2015 $000	Group 2014 $000
Classified as:		
Current	**742**	916
Non-current	**-**	-
	742	916

Employee benefits

Employee benefit entitlements consist of holiday pay provisions and provisions for staff bonus payments. Holiday pay is provided for at contractual pay rates and is paid to staff in accordance with statutory terms as and when annual leave is taken during the financial period. Bonus payments are based on staff performance against key indicators and are paid within three months following the end of the Group's financial year.

Other items

Other items comprises directors retirement allowance of $176,000 (June 2014: $127,000), and residual costs of $135,000 (June 2014: $270,000).

16 Derivative Financial Instruments

	Group 2015 $000	Group 2014 $000
Granted call / put options (liabilities)		
Balance at beginning of year	**-**	(1,934)
Extinguishment of liability	**-**	1,934
Balance at end of year	**-**	-

On 30 June 2015 Allied Farmers Ltd settled its liability to Speirs Group Ltd that was originally a derivative financial instrument. The settlement involved issuing 500,000 ordinary shares resulting in a credit to equity of $25,000. In addition Allied Farmers Ltd has paid $400,000 in full and final settlement of the debt. This transaction has resulted in a gain on extinguishment of liability being recognised within the Statement of Comprehensive Income of $25,000.

17 Property, plant and equipment

	Group 2015 $000	Group 2014 $000
Freehold land		
Cost at beginning of year	**2,019**	2,023
Additions	**-**	-
Disposals	**-**	(4)
Cost at end of year	**2,019**	2,019
Buildings		
Cost at beginning of year	**1,028**	1,034
Disposals	**-**	(6)
Reclassification	**(25)**	-
Cost at end of year	**1,003**	1,028
Accumulated depreciation at beginning of year	**(164)**	(113)
Depreciation charged to income statement	**(61)**	(51)
Reclassification	**110**	-
Accumulated depreciation at end of year	**(115)**	(164)
Buildings net book value	**888**	864
Motor vehicles		
Cost at beginning of year	**1,127**	992
Additions	**1,140**	176
Disposals	**(1,026)**	(41)
Cost at end of year	**1,241**	1,127
Accumulated depreciation at beginning of year	**(661)**	(448)
Depreciation charged to income statement	**(275)**	(221)
Disposals	**602**	8
Accumulated depreciation at end of year	**(334)**	(661)
Motor vehicles net book value	**907**	466
Plant and equipment		
Cost at beginning of year	**354**	385
Additions	**-**	4
Disposals	**-**	(35)
Reclassification	**(85)**	-
Cost at end of year	**269**	354
Accumulated depreciation at beginning of year	**(79)**	(58)
Depreciation charged to income statement	**(37)**	(36)
Disposals	**-**	15
Accumulated depreciation at end of year	**(116)**	(79)
Plant and equipment net book value	**153**	275
Property, plant and equipment cost at end of year	**4,532**	4,528
Property, plant and equipment accumulated depreciation at end of year	**(565)**	(904)
Total property, plant and equipment net book value	**3,967**	3,624

Vehicles include the following amounts where the Group is a leasee under a Capitalised Finance Lease:

Cost Capitalised Finance Lease	1,241	1,127
Accumulated Depreciation	(334)	(661)
Net Book Amount	907	466

Reclassifications: In the directors view these classifications better reflect the nature of these assets.

18 Intangible assets

	Group 2015 $000	Group 2014 $000
Computer software		
Cost at beginning of year	**698**	781
Additions	**3**	4
Reclassification	**(574)**	(87)
Cost at end of year	**127**	698
Accumulated amortisation at beginning of year	**(687)**	(635)
Amortisation charged to income statement	**(5)**	(52)
Reclassification	**574**	-
Accumulated amortisation at end of year	**(118)**	(687)
Computer software net book value	**9**	11
Total intangibles	**9**	11

19 Investment in subsidiaries

	Principal Activity	Group 2015	Group 2014
Subsidiaries of the Parent			
Allied Farmers Investments Limited	Asset Management Services	**100%**	100%
Allied Farmers Rural Limited	Corporate Services	**100%**	100%
ALF Nominees Limited	Non-Trading	**100%**	100%
Subsidiaries of Allied Farmers Rural Limited			
NZ Farmers Livestock Limited	Livestock Services	**57%**	67%
Subsidiary of NZ Farmers Livestock Limited			
Farmers Meat Exports Limited	Sale of livestock	**57%**	67%
Subsidiaries of Allied Farmers Investments Limited			
Allied Farmers Property Holdings Limited	Holding Company	**100%**	100%
QWF Holdings Limited	Non trading	**100%**	100%
Clearwater Hotel 2004 Limited	Non trading	**100%**	100%
Lifestyles of New Zealand Queenstown Limited	Non trading	**100%**	100%
LONZ 2008 Limited	Non trading	**100%**	100%
LONZ 2008 Holdings Limited	Non trading	**100%**	100%
Subsidiaries of Allied Farmers Property Holdings Limited			
UFL Lakeview Limited	Non trading	**100%**	100%
5M No. 2 Limited	Non trading	**100%**	100%

All companies within the Group were incorporated in New Zealand, and have a balance date of 30 June.

Disposal of an interest in subsidiary without loss of control

On the 4 August 2014 a subsidiary Allied Farmers Rural Ltd disposed of a 10% interest out of the 67% interest it held in subsidiary New Zealand Farmers Livestock Ltd for consideration of $1,000,000. The carrying amount of the Non-Controlling Interest in New Zealand Farmers Livestock Ltd at the date of sale was $195,000 (representing 33% interest). This resulted in an increase in Non-Controlling Interests of 10% and an increase in Equity attributable to the owners of the parent of $805,000.

The effect of changes in the ownership interest in New Zealand Farmers Livestock Ltd on the equity attributable to the owners of the company is summarised as follows:

	2015 $000	2014 $000
Carrying amount of non-controlling interests disposed of	**(195)**	-
Consideration received from non-controlling interests	**1,000**	-
Increase in parent's equity	**805**	-

There were no transactions with non-controlling interests in 2014.

Wholly owned companies of Allied Farmers Limited and that are in receivership or liquidation.

	Date of Receivership/ Liquidation	Principal activity	Interest held by Group	
			2015	2014
NFA Ltd (in Liquidation) formerly called Allied Nationwide Finance Limited (in Liquidation)	8 February 2013	Financial Services	**100%**	100%
Matarangi Beach Estates Limited (in Receivership)	18 November 2010	Property development and investment	**100%**	100%

Subsequent to the dates of the receivership or liquidation of these companies they have not been consolidated as the Group no longer has direct control over their affairs.

20 Loans and advances

	Group 2015 $000	Group 2014 $000
Loans and advances		
Loans and advances at amortised cost	**40,970**	40,970
Provision for impaired assets	**(40,970)**	(40,970)
Net loans and advances	**-**	-

As at 30 June 2015 loans and advances of $nil (June 2014: $nil) are past due and not impaired, loans and advances of $nil (June 2014: $nil) are performing.
The presentation of the comparative information has been aligned with the current year.

21 Joint Arrangements

The Group's subsidiary New Zealand Farmers Livestock Limited owns a proportion of various Saleyard tangible assets and has joint arrangements in relation to the operation of these saleyards (referred to as 'Associated Auctioneers').

These joint operations are in place over 4 different locations. These joint operations are charged with the operating activities of the saleyards 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 saleyards.

The various joint operations are:

	Location	Share of Joint Operation
- Associated Auctioneers	Te Kuiti	33%
- Associated Auctioneers	Stratford	50%
- Associated Auctioneers	Frankton	50%
- Associated Auctioneers	Tauramanui	50%
- Associated Auctioneers	Morrinsville	25%

There are various contractual restrictions in relation to the assets and liabilities of these joint operations, such as requiring unanimous agreement in relation to accessing the bank accounts. These amounts shown in cash and cash equilavents at 30 June 2015 are $114,000 (2014: $118,000).

The joint operation of the saleyards is strategically vital to the interests of New Zealand Livestock Limited as the saleyards activity provide significant income to New Zealand Farmers Livestock Limited via commision on the sale of livestock handled through the saleyards.

22 Cash and cash equivalents

	Group 2015 $000	Group 2014 $000
Cash and cash equivalents	**2,285**	2,882
	2,285	2,882

See note 21 for restrictions on cash balances.

23 Trade and other receivables

	Group 2015 $000	Group 2014 $000
Trade receivables (gross)	**5,186**	4,783
Provision for impaired assets	**(7)**	(5)
Trade receivables (net of provision)	**5,179**	4,778
Prepayments	**1**	-
	5,180	4,778
Aging of Past Due Receivables that are not impaired		
1-30 days	**329**	421
31-60 days	**67**	39
61-90 days	**63**	22
Total Past Due Receivables	**459**	482

It is expected that all Trade receivables will be collected within 12 months of the balance date.

24 Inventory

	Group 2015 $000	Group 2014 $000
Finished Goods	**47**	-
	47	-

25 Other Investments

	Group 2015 $000	Group 2014 $000
Opening balance	**90**	242
Reclassification of asset	**-**	(71)
Impairment of investment	**-**	(81)
Closing balance	**90**	90

This other investment is an offshore investment owned by Allied Farmers Investments Limited. At 30 June 2015 the Group has impaired the investment on the basis of expected recoverability of the investment.

26 Related party transactions

Overview of related party transactions
All transactions with related parties are entered into in the ordinary course of business.

Categories of related party relationships
Related party transactions are detailed by reference to the following categories:
(a) Key management personnel: those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.
(b) Other related parties: Other related parties including entities that may have directors who are also directors of the Company.

(a) Key management personnel

	Group 2015 $000	Group 2014 $000
Salaries and other short term benefits	**299**	299
Directors fees	**180**	179
Total key management personnel compensation	**479**	478
Directors long service leave entitlement	**176**	134

Included in Accounts Payable is an amount of $327,001 of directors fees unpaid as at 30 June 2015.

Certain directors and key management of the Allied Farmers Limited Group of companies have completed livestock trading transactions with the Group's subsidiary, New Zealand Farmers Livestock Ltd, which over the year totalled $929,267 (2014: $990,913). These transactions took place on normal trading terms.The commission earned by New Zealand Farmers Livestock Ltd for the year ended 30 June 2015 was $45,610 (2014: $38,666).

(b) Other related parties

The Group conducts transactions as part of joint arrangements (refer note 21) in the course of its rural activities, which take place on normal trading terms. The value of these transactions is not material.

During the year Allied Farmers Rural Ltd renewed a $600,000 Bond issue. One of the Directors Mr Garry Bluett contributed to the Bond issue.

During the year a director of Allied Farmers Limited entered in to loan arrangements to lend Farmers Meat Export Limited $100,000 at an interest rate of 12% per annum. This was repaid in full before 30 June 2015.

During the year the chief executive officer of Farmers Meat Export Limited entered in to loan arrangements to lend Farmers Meat Export Limited $900,000 at an interest rate of 12% per annum. This was repaid in full before 30 June 2015.

New Zealand Farmers Livestock Ltd borrowed $700,000 on the 3 September 2013 from a party related to the Chief Executive Officer to part finance the acquisition of the sale yards from Allied Farmers Ltd. The loan is secured by way of second mortgage over the sale yards. The loan is for a 3 year period at an interest rate of 12% p.a. There are no additional financial covenants to this loan facility to those covenants provided to the ANZ Bank New Zealand Ltd.

Speirs Settlement

On 20 December 2013 Allied Farmers Limited and Speirs Group entered into a Settlement Deed in relation to obligations arising from an Option Agreement dated 29 September 2008. Nelson Speirs was a director of a subsidiary of Allied Farmers Limited, NFA Limited (in liquidation), until 31 October 2013 and therefore a related party of Allied Farmers Limited. Because Mr Speirs is also a director of Speirs Group Limited, pursuant to the NZX Listing Rules, Speirs Group Limited was also deemed to be a related party of Allied Farmers Limited in relation to this transaction. The obligations arising under the Settlement Agreement were fully satisfied on 29 June 2015 by Allied Farmers Limited paying $400,000 in cash and issuing 500,000 shares to Speirs Group (representing approximately $25,000 of value).

27 Financial risk management

27.1 Credit risk

Credit risk is the risk that a counterparty to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables, loans, advances and finance leases.

Credit risk is actively managed by the Group to ensure individual counterparty as well as industry exposures are monitored. Risk is measured by continual evaluation of counterparty exposures with regard to changes in the economic circumstances of the counterparty, the counterparty's industry, and wider macro-economic influences.

Risk exposures by class of financial instrument

The Group's financial instruments are classified into cash and cash equivalents, trade and other receivables, derivative financial instruments, and loans, advances and finance leases.

Cash and cash equilavents
The Group are exposed to the risk of default by placing cash deposits with banks. The maximum credit risk is the face value of its cash deposits, which is disclosed in note 22. The Group's exposure to banks is unsecured. To manage this risk, the Group only deposits cash with New Zealand registered banks, and has policies governing the maximum counterparty exposure of any individual bank.

Trade and other receivables
For all trade and other receivables, there is the risk that the counterparty to the receivables may not settle its obligations when they fall due. The maximum credit risk is the face value of the trade and other receivables, which is disclosed in note 23. The exposures are largely unsecured. Risk exposures in trade and other receivables are managed on a case-by-case basis depending on the materiality of the exposure.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

27 Financial risk management (continued)

27.2 Maturity analysis

The amounts disclosed in the tables below show the contractual undiscounted cash flows due on financial liabilities. The amounts below also reflect the contractual repricing timing on financial liabilities, if applicable.

Group

30 June 2015	**Total**	**Under 6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**	**Over 5 Years**
$000						
Financial liabilities						
Trade and other payables	6,771	6,771	-	-	-	-
Borrowings - ANZ Bank New Zealand Ltd	2,850	213	213	2,424	-	-
Borrowings - Related Party	805	42	42	721		-
Borrowings - Finance Leases	985	216	216	390	163	-
Borrowings - Bonds	1,905	85	85	710	1,025	-
Gross payable on financial liabilities	13,316	7,327	556	4,245	1,188	-
Cumulative position		7,327	7,883	12,128	13,316	-

30 June 2014	**Total**	**Under 6 Months**	**6-12 Months**	**1-2 Years**	**2-5 Years**	**Over 5 Years**
$000						
Financial liabilities						
Trade and other payables	7,610	6,760	-	850	-	-
Borrowings - Crown Asset Management Ltd	2,570	2,570	-	-	-	-
Borrowings - ANZ Bank New Zealand Ltd	3,167	204	203	407	2,353	-
Borrowings - Related Party	970	42	42	84	802	-
Borrowings - Finance Leases	464	181	181	102	-	-
Borrowings - Bonds	618	618	-	-	-	-
Gross payable on financial liabilities	15,399	10,375	426	1,443	3,155	-
Cumulative position		10,375	10,801	12,244	15,399	-

27.3 Liquidity risk

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 (note 13) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Refer to the Going Concern and Liquidity disclosures in the Statement of accounting policies for further details on how the Group manages liquidity risk and the basis for adopting the going concern assumption in the preparation of these financial statements.

27.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The Group is not exposed to other price risk or currency risk.

Market risk sensitivity analysis

If market interest rates for cash and cash equivalents, borrowings - other assets (secured) were to increase or decrease by 50 basis points (bps) the affect on net profit after tax, and equity, for the year as applied to year end balances would be as follows:

	Group 2015 $000	Group 2014 $000
Borrowings - ANZ Bank New Zealand Ltd and series 020 bonds		
If interest rates for the year were 50 bps higher		
Effect on net profit for the year / equity	**(18)**	(16)
If interest rates for the year were 50 bps lower		
Effect on net profit for the year / equity	**18**	16

27.5 Capital management

The Group's capital is its equity on the balance sheet, including its share capital and accumulated losses.

The Group 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.

Refer to Critical Accounting Estimates and Judgements disclosures in the Statement of accounting policies for further details of how the Group manages capital and the basis for adopting the going concern assumption.

27.6 Offsetting financial assets and liabilities

The ANZ Bank New Zealand Ltd in accordance with the mortgage over the New Zealand Farmers Livestock Ltd sale yards assets may (but is not obliged to) debit any of the Borrower's other bank accounts with the ANZ Bank New Zealand Ltd with any amount payable by the Borrower under that mortgage agreement.
The result of this arrangement is that the ANZ Borrowings of $2,644,125 could be settled net with $1,600,000 cash recognised in these financial statements.

28 Contingent assets and liabilities

There were no material contingent assets or liabilities outstanding as at 30 June 2015 for the Group.

29 Commitments

The following amounts have been committed by the Group but not recognised in the financial statements:

	Group 2015 $000	Group 2014 $000
Operating lease commitments		
Lease commitments under non-cancellable operating		
Not later than one year	**68**	68
Later than one year and not later than five years	**111**	111
Later than five years	**-**	-

The Group leases premises, plant and equipment and motor vehicles. Operating leases held over properties give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no renewal options or options to purchase in respect of plant and equipment held under operating leases. There are options to purchase in respect of motor vehicles held under finance leases (refer note 13). There are also options to purchase Land and Buildings currently leased if certain criteria are met.

Capital commitments

Refer to note 32.

30 Financial assets and liabilities

The table below sets out the Group's classification of each class of financial asset and liability.
The fair value of the financial assets and liabilities approximates their carrying value.

Group	Available for sale financial assets	Loans and receivables	Other amortised cost	Total
	$000	$000	$000	$000
30 June 2015				
Assets per balance sheet				
Cash and cash equivalents	-	2,285	-	2,285
Trade and other receivables	-	5,180	-	5,180
Other Assets	90	-	-	90
	90	7,465	-	7,555
Liabilities per balance sheet				
Trade and other payables	-	-	6,771	6,771
Borrowings - Bank	-	-	2,650	2,650
Borrowings - Bonds	-	-	1,600	1,600
Borrowings - Related Party	-	-	700	700
Borrowings - Finance Leases	-	-	893	893
	-	-	12,614	12,614

Group	Available for sale financial assets	Loans and receivables	Other amortised cost	Total
	$000	$000	$000	$000
30 June 2014				
Assets per balance sheet				
Cash and cash equivalents	-	2,882	-	2,882
Trade and other receivables	-	4,778	-	4,778
Other Assets	90	-	-	90
	90	7,660	-	7,750
Liabilities per balance sheet				
Trade and other payables	-	-	7,500	7,500
Borrowings - Crown Asset Management Limited	-	-	2,570	2,570
Borrowings - Bank	-	-	2,872	2,872
Borrowings - Bonds	-	-	600	600
Borrowings - Related Party	-	-	700	700
Borrowings - Finance Leases	-	-	367	367
	-	-	14,609	14,609

Financial Assets pledged as collateral for bank facilities	**Group 2015**	Group 2014
Cash and cash equivalents	**1,600**	2,476
Trade and other receivables	**5,180**	4,783
	6,780	7,259

The pledged assets are secured to ANZ Bank New Zealand Ltd under the following securities;
(a) Cross guarantee and indemnity between NZ Farmers Livestock Limited, Farmers Meat Export Limited,
(b) Registered first ranking general security agreement over the present and after acquired property of Farmers Meat Export Limited,
(c) Registered first ranking general security agreement over the present and after acquired property of NZ Farmers Livestock Limited.

	Group 2015 $000	Group 2014 $000
Credit quality of financial assets		
Cash at bank		
ANZ Bank New Zealand Ltd*	**1,126**	2,044
Westpac Banking Corporation Ltd*	**672**	281
Bank of New Zealand Ltd*	**10**	23
TSB Bank Ltd**	**3**	10
ASB Bank Ltd*	**474**	524
	2,285	2,882

*The banks listed above are rated independently by Standard and Poors as AA- as at 31 August 2015.
**The TSB Bank Ltd is rated A- by Fitches as at 31 August 2015.

Trade Receivables	**Group 2015 $000**	Group 2014 $000
Counterparties without external credit rating		
Group 1	**300**	514
Group 2	**4,880**	4,264
	5,180	4,778
Trade Receivables written off at year end	**41**	-

Group 1 - new customers less than six months
Group 2 - existing customers more than six months with no defaults in the past

The Group has no credit rating for Trade Receivables. The Group continually assesses the Trade Receivables credit risk and measures the risk against receipts that may not have been paid on time. The Group believes that the rate of default by Trade Receivables is minimal. At the time of authorising these financial statements the majority of receivables had been collected.

31 Financial assets and liabilities carried at fair value

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Valuation requires the selection of a method from a variety available and use of assumptions on market conditions existing at balance date.

NZ IFRS 13: Fair Value Measurement requires an entity to classify fair value measurements using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
c) inputs from the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents those financial assets and liabilities presented at fair value on the balance sheet and their classification within the fair value hierarchy above.

Group 2015	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets				
Other assets	-	-	90	**90**

Group 2014	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets				
Other assets	-	-	90	90

32 Events subsequent to balance date

Subsequent to balance date, the following events occurred which are not otherwise dealt with in the financial statements, that may significantly affect the operations of the Group.

Non-adjusting event
On 1 July 2015 Allied Farmers Ltd subsidiary New Zealand Farmers Livestock Ltd entered into an unconditional contract to acquire over time 52% in the Hawkes Bay livestock business currently conducted by L I Redshaw Ltd.

New Zealand Livestock Farmers Ltd has agreed to acquire 65,000 shares being 52% of the total shares on issue of a new company Redshaws Livestock Ltd in three equal tranches. The first tranche of 21,250 shares being 17% of the total shares were acquired on 1 July 2015. The remaining two tranches are contracted to be acquired by New Zealand Farmers Livestock Ltd on 1 July 2016 and 1 July 2017.

The total consideration paid on 1 July 2015 was $280,500 consisting of $212,500 for the shares. Tranche two totals $212,500 for the shares and tranche three totals $225,000 for the shares. In total the consideration paid will be $650,000 for the shares.

A loan for working capital will have terms agreed as to interest rates payable, security if any and repayment dates by the board of Redshaws Livestock Limited.

In acquiring the Group's Redshaw Livestock interest the Group has acquired a team of experienced and well established agents, the substantial reputational value associated with Redshaws, a support staff and system/process within this business, sale yard access (under a license agreement) to the main Hawkes Bay sale yard, and further developed the relationships and network that were partially in place ahead of the acquisition. Redshaws agents will make much increased use of the Group's MyLivestock web platform.

Included in the operating expenses of the Group are legal expenses relating to the purchase of the share of Redshaws Livestock Ltd of $933.

The financial effects of this transaction have not been recognised at 30 June 2015.

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Redshaws Livestock Limited. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the fair values have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

Independent Auditors' Report
to the shareholders of Allied Farmers Limited

Report on the Financial Statements

We have audited the Group financial statements of Allied Farmers Limited ("the Company") on pages 20 to 50, which comprise the balance sheet as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 30 June 2015 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements 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's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We are independent of the Group. Our firm carries out other services for the Group in the areas of taxation compliance, accounting advice and other assurance services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the financial statements on pages 20 to 50 present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to the note disclosure on page 31 that details the Board's critical accounting estimates and judgements, including the basis for adoption of the going concern principle in preparing the financial statements. The note indicates that the ability of the Group to continue as a going concern is dependent upon the generation of sufficient future cash flows from trading activities and the continued support of certain creditors and lenders. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Restriction on Use of our Report

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

PricewaterhouseCoopers

Chartered Accountants — Auckland

11 September 2015

COMPANY DIRECTORY

DIRECTORS OF THE COMPANY

Garry C Bluett BMS, CA (Chairman)
8 St Leonards Road
Takapuna
North Shore City 0740

Philip C Luscombe BAgSci (Hons)
199 Palmer Road
RD 28
Hawera 4678

G Andrew McDouall BCA. DipNZSE
5 Fancourt Street
Karori
Wellington 6012

REGISTERED OFFICE OF THE COMPANY

201 Broadway
Stratford 4332

POSTAL ADDRESS OF THE COMPANY

PO Box 304
Stratford 4352
Ph: 06 765 6199
Fax: 06 765 6195

WEBSITE

www.alliedfarmers.co.nz

AUDITORS

PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142

SHARE REGISTRAR

Link Market Services Limited
PO Box 91976
Auckland 1142
Level 7, Zurich House
Auckland, 1142

Shareholder Enquiries
Link Market Services Limited
Ph: 09 375 5998
Fax: 09 375 5990
Email: Lmsenquiries@linkmarketservices.com
PO Box 91976
Auckland 1142
Level 7, 21 Queen Street Auckland 1010