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### **ALLIED FARMERS HALF YEAR RESULT TO 31 DECEMBER 2013**

Allied Farmers Ltd (ALF) has reported an unaudited operating loss of \$0.47m for the six months to December 2013 (1HY:2012 \$5.5m loss).

The six months ending 31 December 2013 has seen an improved result from the Livestock Division and considerable progress with the Group either satisfying or making achievable arrangements in relation to significant outstanding obligations.

The Livestock Division reported a profit before tax of \$0.37m for the 6 months. This was \$1.2m better than the same period last year when a pre-tax loss of \$0.8m was reported. NZ Farmers Livestock Limited (67% owned by Allied Farmers), continues to perform ahead of expectations, with overall livestock sales 18% ahead of the same period last year and particularly good increases in the Taranaki, King Country and Manawatu regions. Traditionally the Livestock Division makes most of its earnings in the second six months and again based on the level of forward herd sale contracts this year we would expect the second half profits for Rural to exceed last year.

The Asset Management Services division made a profit of \$0.17m for the period (last year \$3.8m loss). This was largely related to the reversal of some overprovisioning of ex Hanover assets. The value of these assets left to realise is now less than \$0.2m.

During the six months pleasing progress was made in relation to some significant obligations. An arrangement was made with IRD which will see their debt repaid over two years. The ALF owned saleyards were sold to subsidiary company NZ Farmers Livestock Limited and the proceeds used to repay secured borrowings to Crown Asset Management Ltd (CAML), with the liability now at \$2.7m, down from \$7.0m last year. In December 2013 a conditional agreement was reached with Speirs Group to settle a \$2m liability for shares and a deferred payment, together worth \$1.2m. This agreement went unconditional and settled in January 2014 and as a result \$0.9m will be written back to profit in the second half result.

For the next six months ALF will continue to explore options with CAML to repay the secured debt whether this is by way of further asset sales, replacement debt or raising further capital. The focus for the Livestock division will be to continue to grow NZ Farmers Livestock's business activities.

Garry Bluett

Chairman