

ALLIED FARMERS LIMITED

INTERIM FINANCIAL REPORT - Unaudited

For the six months ended 31 December 2015

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Consolidated Statement of Comprehensive Income-Unaudited

Allied Farmers Limited and Subsidiaries
For the period ended 31 December 2015

	Note	Group December 2015 6 Months Unaudited \$000	Group June 2015 12 Months Audited \$000	Group December 2014 6 Months Unaudited \$000
Revenue				
Sale of goods		5,218	5,139	4,583
Interest income		76	95	158
Commission Income		4,826	9,456	4,433
		10,120	14,690	9,174
Gain on settlement of liability		-	635	40
Other income		137	17	975
		137	652	1,015
Total income		10,257	15,342	10,189
Expenses				
Cost of inventory sold		3,871	4,540	4,028
Interest and funding expense		370	875	270
Rental and operating leases		52	108	53
Employee benefit expense		2,190	4,451	2,286
Depreciation and amortisation	5/6	271	378	175
Other operating expenses		2,683	3,875	2,383
Total expenses		9,436	14,227	9,195
Profit before income tax		821	1,115	994
Income tax expense		205	460	87
Profit for the year		615	655	907
Profit/(loss) Attributable to:				
Owners of the Parent		240	128	708
Non-Controlling Interests		375	527	199
Total earnings per share attributable to the equity holders of the Parent Company:				
Basic (cents per share)		0.18	0.12	0.67
Diluted (cents per share)		0.17	0.12	0.65

The notes on pages 9 to 16 are an integral part of these financial statements

Consolidated Statement of Changes in Equity-Unaudited

Allied Farmers Limited and Subsidiaries
For the period ended 31 December 2015

Group	Note	Share Capital \$000	Accumulated losses \$000	Non Controlling Interests \$000	Total Equity \$000
Opening balance as at 1 July 2014		149,056	(153,150)	207	(3,887)
Comprehensive income					
Net profit for the year ended 31 December 2014		-	708	199	907
Total comprehensive income		-	708	199	907
Transactions with owners					
Share capital issued		31	-	-	31
Sale of shares in NZ Farmers Livestock Ltd		-	805	195	1,000
Dividends paid to Non Controlling Interests		-	-	(426)	(426)
Total transactions with owners		31	1,513	(32)	1,512
Closing Balance as at 31 December 2014		149,087	(152,442)	980	(2,375)
Opening Balance as at 1 July 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		1,191	-	-	1,191
Sale of shares in NZ Farmers Livestock Ltd		-	805	195	1,000
Dividends paid to Non Controlling Interests		-	-	(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)
Comprehensive income					
Net profit for the six months ended 31 December 2015		-	240	375	615
Total comprehensive income		-	240	375	615
Transactions with owners					
Dividends paid to Non Controlling Interests	8	-	-	(112)	(112)
Purchase of shares in NZ Farmers Livestock Ltd	11	-	(104)	(896)	(1,000)
Share capital issued	2	1,532	-	-	1,532
Total transactions with owners		1,532	(104)	(1,008)	420
Closing balance as at 31 December 2015		151,779	(152,081)	(137)	(439)

The notes on pages 9 to 16 are an integral part of these financial statements

Consolidated Balance Sheet-Unaudited

Allied Farmers Limited and Subsidiaries

As at 31 December 2015

	Note	Group December 2015 Unaudited \$000	Group June 2015 Audited \$000	Group December 2014 Unaudited \$000
Equity				
Share capital	2	151,779	150,247	149,087
Reserves		(152,081)	(152,217)	(152,442)
		(302)	(1,970)	(6,372)
Non Controlling Interests		(137)	495	980
Total equity (deficit)		(439)	(1,475)	(2,375)
Liabilities				
Current liabilities				
Trade and other payables	3	6,304	6,771	6,131
Borrowings	4	1,496	635	1,600
Taxation		156	-	-
Provisions		566	742	956
Total current liabilities		8,523	8,148	8,687
Non-current liabilities				
Borrowings	4	4,121	5,208	3,906
Trade and other payables	3	-	-	775
Total non-current liabilities		4,121	5,208	4,681
Total liabilities		12,644	13,356	13,368
Total liabilities and shareholders equity		12,205	11,881	10,993
Assets				
Current assets				
Cash and cash equivalents		1,375	2,285	1,312
Trade and other receivables		5,716	5,180	4,774
Inventory		747	47	462
Other Investments		195	90	323
Current taxation		-	169	3
Total current assets		8,033	7,771	6,652
Non-current assets				
Deferred tax asset		275	134	508
Property, plant and equipment	5	3,654	3,967	3,629
Intangible assets	6	243	9	6
Total non-current assets		4,172	4,110	4,153
Total assets		12,205	11,881	10,993

The notes on pages 9 to 16 are an integral part of these financial statements

The Board of Directors of Allied Farmers Limited authorised these financial statements for issue on 29 February 2016.

Signed on behalf of the Board of Directors:


Director


Director

Consolidated Statement of Cash Flows-Unaudited

Allied Farmers Limited and Subsidiaries

For the period ended 31 December 2015

	Note	Group 6 Months December 2015 Unaudited \$000	Group 12 Months June 2015 Audited \$000	Group 6 Months December 2014 Unaudited \$000
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from customers		9,721	14,288	9,460
		9,721	14,288	9,460
Cash was applied to:				
Payments to suppliers and employees		(9,443)	(13,917)	(9,376)
Interest paid		(370)	(776)	(212)
Taxation paid		(29)	(524)	(87)
		(9,842)	(15,217)	(9,675)
Net cash flows (used in)/ from operating activities		(122)	(929)	(215)
Cash Flows from Investing Activities				
Cash was provided from:				
Sale of shares in NZFLL		-	1,000	1,000
Sale of property, plant and equipment		80	181	-
Dividend received		-	20	-
		80	1,201	1,000
Cash was applied to:				
Investing in Joint Venture		(441)		(69)
Purchase of property, plant and equipment and intangible assets	4/5	(90)	(204)	(263)
		(531)	(204)	(332)
Net cash flows from investing activities		(451)	997	668
Cash Flows from Financing Activities				
Cash was provided from:				
Issue of bonds and share options		-	1,000	1,000
Issue of shares		-	1,166	31
Borrowings		-	-	-
		-	2,166	1,031
Cash was applied to:				
Borrowings	4	(226)	(2,397)	(2,603)
Dividends paid to non controlling interests		(112)	(434)	(426)
		(337)	(2,831)	(3,029)
Net cash flows (used in)/ from financing activities		(337)	(665)	(1,998)
Net (decrease)/ increase in cash and cash equivalents		(910)	(597)	(1,545)
Cash and cash equivalents at beginning of year		2,285	2,882	2,882
Cash and cash equivalents at end of year		1,375	2,285	1,337

The notes on pages 9 to 16 are an integral part of these financial statements.

Reconciliation of Operating Cash Flows

Allied Farmers Limited and Subsidiaries
For the period ended 31 December 2015

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

	Group 6 Months December 2015 Unaudited \$000	Group 12 Months June 2015 Audited \$000	Group 6 Months December 2014 Unaudited \$000
Net profit after tax for the period	615	655	907
Adjustments for:			
Fair value loss on liability	-	-	35
Gain on settlement of liability	-	(635)	(631)
Gain on reversal of provision/accrual	-	(285)	-
(Profit)/Loss on sale of assets	(9)	243	57
Depreciation	271	373	170
Interest Paid capitalised	221	-	103
Amortisation of intangibles	-	5	5
Doubtful debts on trade receivables	-	2	-
Net difference upon write back deferred taxation/recognition	(141)	64	-
Dividend received treated as Investing activity	-	(20)	-
	342	(253)	(261)
Movement in working capital:			
Decrease in loans and advances	90	-	-
(Increase)/Decrease in trade and other receivables	(536)	(508)	10
Increase/(Decrease) in payables and provisions	67	(776)	(295)
(Increase)/decrease in inventory	(700)	(47)	(576)
	(1,079)	(1,331)	(861)
Net cash (outflows)/inflows from operating activities	(122)	(929)	(215)

The notes on pages 9 to 16 are an integral part of these financial statements

Statement of Accounting Policies

Allied Farmers Limited and Subsidiaries

For the 6 months ended 31 December 2015 - unaudited

GENERAL INFORMATION

These financial statements have been approved for issue by the Board of Directors on 29 February 2016. The Board of Directors do not have the power to amend the financial statements after they have been issued.

Allied Farmers Limited and Subsidiaries is a rural services group, with its predominant activities comprising livestock agency services, the procurement and processing of 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 4332

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).

The interim financial statements of the Group have been prepared in accordance with the requirements of New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34), as appropriate for profit oriented entities. These financial statements are in compliance with IAS 34: Interim Financial Reporting. The Group interim financial statements do not include all of the information required for full annual financial statements.

Where necessary, the amounts shown for the previous periods have been reclassified to facilitate comparison.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 30 June 2015.

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

The Group is a Tier 1 for profit entity in terms of XRBA1.

Accounting Standards

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in the mandatory periods listed below. The key items applicable to the Group are:

NZ IFRS 9, 'Financial instruments', was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The new hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risks. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 January 2018. The Group is yet to assess NZ IFRS 9's full impact.

NZ IFRS 15, 'Revenue from contracts with customers', addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 Revenue and NZ IAS 11 Construction Contracts and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from its effective date 1 July 2017.

There are no other standards, amendments or interpretations to existing standards which have been issued, but are not yet effective, which are expected to impact the Group significantly.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group make estimates and assumptions about the future in preparing their financial statements. The actual results in the future will often differ from the estimates made. 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 reporting period are discussed below:

Going concern and liquidity

The financial statements have been presented on the going concern basis. The cash flow forecasts of the Group indicate that 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 continued support of lenders and creditors.

In approving these financial statements for issue the Directors consider the adoption of the going concern assumption appropriate having taken account of the following:

- financial covenants on the Group's borrowings for the period to 31 December 2015 and up to the date of this report;
- reasonableness of the key assumptions underpinning the 2015/16 financial performance and 2015/16 cash flow forecasts; and
- prevailing economic environment including relevant market indicators

Notes to the Financial Statements

Allied Farmers Limited and Subsidiaries

For the half year ended 31 December 2015 - unaudited

1. Financial information on segments of the business

For the half year ended 31 December 2015, the Group was organised into two main business segments, Asset Management Services and Rural Services.

The Asset Management Services segment comprises the assets 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, predominantly in New Zealand. The Asset Management Services activities are not subject to seasonality.

The Group's Rural Services activities are predominantly carried out in Taranaki, Waikato, King Country, Manawatu and the South Island. The Rural Services activities are influenced by seasonality. Livestock sales are stronger in the autumn season and calf procurement and processing traditionally occur in the first half of the year.

Corporate and funding costs comprise the corporate activities of the Group.

The segment results for the six months ended 31 December 2015 are as follows:

	Asset Management Services	Livestock Services	Corporate and Rural Services Residual	Total Continuing
	\$000	\$000	\$000	\$000
Sales of goods and interest and fee income	137	10,120	-	10,257
Total Income	137	10,120	-	10,257
Depreciation and amortisation	-	271	-	271
Interest and funding expense (external)	-	285	85	370
Net Other expenses (external)	17	8,326	451	8,795
Profit/Loss before income tax	120	1,237	(536)	821
Income Tax	-	(205)	-	(205)
Profit/Loss after Income Tax	120	1,032	(536)	615

The segment assets and liabilities as at 31 December 2015 and capital expenditure for the 6 months ended 31 December 2015 are as follows:

	Asset Management Services	Livestock Services	Corporate	Total Continuing
	\$000	\$000	\$000	\$000
Assets	109	11,899	198	12,205
Liabilities	(5)	(9,976)	(2,664)	(12,644)
Capital Expenditure	-	101	-	101

The segment results for the six months ended 31 December 2014 are as follows:

	Asset Management Services	Livestock Services	Corporate and Rural Services Residual	Total Continuing
	\$000	\$000	\$000	\$000
Sales of goods and interest and fee income	631	9,172	280	10,083
Total Income	631	9,172	280	10,083
Depreciation and amortisation	-	175	-	175
Net impairment loss on financial assets	-	-	-	-
Interest and funding expense (external)	18	61	132	211
Net Other expenses (external)	23	8,188	492	8,703
Profit/Loss before income tax	590	748	(344)	994
Income Tax	-	(170)	83	(87)
Profit/Loss after Income Tax	590	578	(260)	907

The segment assets and liabilities as at 31 December 2014 and capital expenditure for the 6 months ended 31 December 2014 are as follows:

	Asset Management Services	Livestock Services	Corporate	Total Continuing
	\$000	\$000	\$000	\$000
Assets	102	10,505	386	10,993
Liabilities	215	9,350	3,802	13,367
Capital Expenditure	-	263	-	263

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

	Asset Management Services	Livestock Services	Corporate	Total Continuing
	\$000	\$000	\$000	\$000
Sales of goods and fee income	-	14,595	-	14,595
Other Income	157	-	1,943	2,100
Inter-segmental income	-	-	(1,448)	(1,448)
Interest Income	-	95	-	95
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 and capital expenditure for the 12 months ended 30 June 2015 are as follows:

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

The net cash flows attributable to the operating, investing and financing activities are as follows:

	Group Dec-15 6 Months \$000	Group Jun-15 12 months \$000	Group Dec-14 6 Months \$000
Cash flows from operating activities	(122)	(929)	331
Cash flows from investing activities	(451)	997	668
Cash flows from financing activities	(337)	(665)	(2,544)
Net cash flows	<u>(910)</u>	<u>(597)</u>	<u>(1,545)</u>

2 Share capital

	Group Dec-15 6 Months \$000	Group Jun-15 12 months \$000	Group Dec-14 6 months \$000
Ordinary shares			
Ordinary shares (fully paid)			
Balance at beginning of period	150,208	148,998	149,056
Issue Ordinary Shares	1,532	1,191	31
Transfer due to exercise of options		19	-
Balance at end of period	<u>151,740</u>	<u>150,208</u>	<u>149,087</u>
Share options			
Balance at beginning of year	39	58	-
Transfer due to issue of options	-	(19)	-
Balance at end of year	<u>39</u>	<u>39</u>	<u>-</u>
	<u>151,779</u>	<u>150,247</u>	<u>149,087</u>
Number of shares issued and fully paid			
Balance at beginning of period	129,831	105,471	105,471
Issue of ordinary shares	29,354	24,360	1,160
Balance at end of period	<u>159,185</u>	<u>129,831</u>	<u>106,631</u>

The total number of shares on issue as at 31 December 2015 is 159,185,350 (December 2014: 106,630,925).

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

3. Trade and other payables

	Group Dec-15 6 Months \$000	Group Jun-15 12 months \$000	Group Dec-14 6 months \$000
Trade creditors	5,759	5,910	6,109
Employee entitlements	310	320	731
Other creditors and payables	234	541	66
	6,304	6,771	6,906
<i>Classified as:</i>			
Current	6,304	6,771	6,131
Non-current	-	-	775
	6,304	6,771	6,906

4 Borrowings - Secured

	Group Dec-15 6 Months \$000	Group Jun-15 12 months \$000	Group Dec 14 6 months \$000
Current			
Borrowings - ANZ Bank	475	265	252
Bonds	600	-	-
Finance Leases	421	370	210
	1,496	635	462
Non Current			
Borrowings - ANZ Bank	2,768	2,385	2,494
Bonds	1,000	1,600	1,600
Borrowings - Other	-	700	700
Finance Leases	353	523	250
	4,121	5,208	5,044

The Group's Rural Services business had borrowings from The ANZ Bank Ltd which total \$3,243,101 as at 31 December 2015 (December 2014: \$2,746,000). The average interest rate on these bank borrowings was 6.18% per annum. These borrowings were raised to settle the sale yards property assets acquired from the Parent. The loan facility is secured by registered first mortgage over the sale yards and a First Charge General Security Agreement over the assets of New Zealand Farmers Livestock Ltd. The loan facility agreements with the bank require certain financial covenants to be met, which included:

- a) Interest Cover; and
- b) Dividends; and
- c) Reporting Requirements.

The Group has complied with these financial covenants for the six month period ended 31 December 2015. The loan is repayable September 2019.

Allied Farmers Rural Ltd issued \$1,000,000 worth of Bonds on 30 September 2014 with a maturity date of 30 September 2017. The Bonds carry an interest rate of the one year interest rate swap mid-rate per annum as determined by Westpac New Zealand Ltd on the 30 September each year plus a margin of 6 percentage points. The current interest rate is 8.173%.

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 mature on 29 August 2016. These bonds have an interest rate of 12% per annum. There are no specific financial covenants.

Both Bonds are secured by way of a first charge General Security Agreement over all 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.

5 Property Plant and Equipment

	Group Dec-15 6 Months \$000	Group Jun-15 12 Months \$000	Group Dec-14 6 months \$000
Freehold land			
Cost at beginning of year	2,019	2,019	2019
Additions	-	-	-
Disposals	-	-	-
Cost at end of year	<u>2,019</u>	<u>2,019</u>	<u>2,019</u>
Buildings			
Cost at beginning of year	1,003	1,028	1,028
Additions	-	-	-
Disposals	-	-	-
Reclassification	(116)	(25)	-
Cost at end of year	<u>887</u>	<u>1,003</u>	<u>1,028</u>
Accumulated depreciation at beginning of year	(115)	(164)	(164)
Depreciation charged to income statement	(31)	(61)	(31)
Reclassification	-	110	110
Accumulated depreciation at end of year	<u>(146)</u>	<u>(115)</u>	<u>(86)</u>
Buildings net book value	<u>741</u>	<u>888</u>	<u>942</u>
Motor vehicles			
Cost at beginning of year	1,241	1,127	1,127
Additions	55	1,140	-
Disposals	(77)	(1,026)	(358)
Cost at end of year	<u>1,219</u>	<u>1,241</u>	<u>769</u>
Accumulated depreciation at beginning of year	(334)	(661)	(661)
Depreciation charged to income statement	(221)	(275)	(168)
Disposals	88	602	571
Accumulated depreciation at end of year	<u>(467)</u>	<u>(334)</u>	<u>(258)</u>
Motor vehicles net book value	<u>752</u>	<u>907</u>	<u>511</u>
Plant and equipment			
Cost at beginning of year	269	354	354
Additions	9	-	-
Disposals	(3)	-	-
Reclassification	-	(85)	(85)
Cost at end of year	<u>275</u>	<u>269</u>	<u>254</u>
Accumulated depreciation at beginning of year	(116)	(79)	(79)
Depreciation charged to income statement	(15)	(37)	(18)
Disposals	(2)	-	-
Accumulated depreciation at end of year	<u>(133)</u>	<u>(116)</u>	<u>(97)</u>
Plant and equipment net book value	<u>142</u>	<u>153</u>	<u>157</u>
Property, plant and equipment cost at end of year	<u>4,400</u>	<u>4,532</u>	<u>4,070</u>
Property, plant and equipment accumulated depreciation at end of	<u>(746)</u>	<u>(565)</u>	<u>(441)</u>
Total property, plant and equipment net book value	<u>3,654</u>	<u>3,967</u>	<u>3,629</u>

Vehicles include the following amounts where the Group is a lessee under a Capitalised Finance

Cost Capitalised Finance Lease	1,219	1,241	769
Accumulated Depreciation	(467)	(334)	(258)
Net Book Amount	<u>752</u>	<u>907</u>	<u>511</u>

6 Intangible assets

	Group Dec-15 6 Months \$000	Group Jun-15 12 Months \$000	Group Dec-14 6 months \$000
Computer software			
Cost at beginning of year	127	698	698
Additions	26	3	-
Reclassification	-	(574)	(574)
Cost at end of year	<u>153</u>	<u>127</u>	<u>124</u>
Accumulated amortisation at beginning of year	(118)	(687)	(687)
Amortisation charged to income statement	(4)	(5)	(5)
Reclassification	-	574	574
Accumulated amortisation at end of year	<u>(122)</u>	<u>(118)</u>	<u>(118)</u>
Computer software net book value	<u>31</u>	<u>9</u>	<u>6</u>
Goodwill			
Cost at beginning of year	-	-	-
Additions (Redshaws Livestock Ltd)	212	-	-
Cost at end of year	<u>212</u>	<u>-</u>	<u>-</u>
Total intangibles	<u><u>243</u></u>	<u><u>9</u></u>	<u><u>6</u></u>

7 Related Party Transactions

Overview of related party transactions

All transactions with related parties are entered into in the ordinary course of business. No related party debts have been written off or forgiven during the period.

Categories of related party relationships

Related party transactions are detailed by reference to the following

- Group companies: all wholly owned subsidiaries of Allied Farmers Limited. For subsidiary companies of the Parent refer to note 11.
- 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.
- Other related parties: Other entities that may have directors who are also directors of the Company.

Related party revenue / (expense)

(a) Key management personnel	Group Dec-15 6 Months \$000	Group Jun-15 12 Months \$000	Group Dec-14 6 months \$000
Salaries and other short term benefits	126	299	148
Directors fees	67	180	69
Directors Retirement Allowance	21	176	14
Total key management personnel compensation	<u>214</u>	<u>655</u>	<u>231</u>

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 six months to December 2015 totalled \$197,912 (December 2014: \$426,482, June 15: \$929,267). These transactions took place on normal trading terms. The commission earned by New Zealand Farmers Livestock Ltd for the six months to December 2015 was \$9,037 (2014: \$20,110, June 15: \$45,610).

(c) Other related parties

The Group conducts transactions with Associates in the course of its rural activities, which take place on normal trading terms and are on an arms length basis. The value of these transactions is not material.

Allied Farmers Rural Ltd issued Bonds on the 13 September 2013 with an interest rate of 12% p.a. and a maturity date of 29 August 2014. Some of the Bonds were subscribed to by a director of Allied Farmers Ltd. The Bonds carry a first ranking security by way of General Security Agreement over the assets of Allied Farmers Ltd and is guaranteed by Allied Farmers Ltd and Allied Farmers Investments Ltd and its subsidiaries. These Bonds have been renewed until 29 August 2016 on the same terms.

8 Dividends

Dividends were declared during the period by subsidiary New Zealand Farmers Livestock Ltd to the minority shareholders of \$112,000 (Jun 2015: \$434,000; Dec 2014: \$426,000).

9 Contingent Assets and Liabilities

There are no contingent assets or liabilities as at 31 December 2015.

10 Events subsequent to balance date

There are no material events subsequent to 31 December 2015.

11 Group Companies

The subsidiary companies comprising the Group are:

		Group Dec-15 6 Months	Group Jun-15 12 Months	Group Dec-14 6 months
Subsidiaries of the Parent				
Allied Farmers Investments Limited	Asset management Services	100%	100%	100%
Allied Farmers Rural Limited	Corporate	100%	100%	100%
ALF Nominees Limited	Non Trading	100%	100%	100%
Subsidiaries of Allied Farmers Rural Limited				
New Zealand Farmers Livestock Ltd	Rural Services	66%	57%	67%
Subsidiaries of NZ Farmers Livestock Ltd				
Farmers Meat Export Ltd	Calf Processing	100%	100%	100%
Redshaws Livestock Limited (Equity accounted)	Rural Services	17%	-	-
Subsidiaries of Allied Farmers Investments Limited				
Allied Farmers Property Holdings Limited	Non trading	100%	100%	100%
QWF Holdings Limited	Non trading	100%	100%	100%
Clearwater Hotel 2004 Limited	Non trading	100%	100%	100%
Lifestyles of New Zealand Queenstown Limited	Non trading	100%	100%	100%
LONZ 2008 Limited	Non trading	100%	100%	100%
LONZ 2008 Holdings Limited	Non trading	100%	100%	100%
Subsidiaries of Allied Farmers Property Holdings Limited				
UFL Lakeview Limited	Non trading	100%	100%	100%
5M No. 2 Limited	Non trading	100%	100%	100%

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

Acquisition of an interest in subsidiary

On the 4 December 2015 a subsidiary Allied Farmers Rural Ltd acquired an additional 9% interest in subsidiary New Zealand Farmers Livestock Ltd for consideration of \$1,000,000 being settled by the issue of 19,267,822 shares in Allied Farmers Limited. The carrying amount of the Non-Controlling Interest in New Zealand Farmers Livestock Ltd at the date of sale was \$896,000 (representing 43% interest). This resulted in a decrease in Non-Controlling Interests of 9% and a decrease in Equity attributable to the owners of the parent of \$104,000.

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:

	Group Dec-15 6 Months \$000	Group Jun-15 12 Months \$000	Group Dec-14 6 months \$000
Carrying amount of non-controlling interests disposed of	896	(195)	-
Consideration paid to non-controlling interests	1,000	1,000	-
Decrease in parent's equity	(104)	805	-

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

	Date of Receivership	Interests held by Group			
Matarangi Beach Estates Limited	18 November 2010	Property development and investment	100%	100%	100%

Subsequent to the date of the receivership of this company it has not been consolidated as the Parent Company no longer has direct control over its affairs.

COMPANY DIRECTORY

Directors of the Company

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