

ALLIED FARMERS LIMITED

FINANCIAL REPORT

For the six months ended 31 December 2016

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**Statement of Profit or Loss and Other Comprehensive Income -
Unaudited**

**Allied Farmers Limited and Subsidiaries
For the six months ended 31 December 2016**

	Note	December 6 months 2016 \$000	June Year 2016 \$000	December 6 months 2015 \$000
Revenue				
Sale of goods		4,420	5,948	5,218
Interest income		32	175	76
Commission Income		5,446	9,755	4,826
		<u>9,899</u>	<u>15,878</u>	<u>10,120</u>
Other income		134	162	137
		<u>134</u>	<u>162</u>	<u>137</u>
Total income		<u>10,033</u>	16,040	10,257
Expenses				
Cost of inventory sold		3,719	4,642	3,871
Interest and funding expense		282	658	370
Rental and operating leases		54	107	52
Employee benefit expense		2,404	5,740	2,190
Depreciation and amortisation	5	275	532	271
Other operating expenses		2,742	2,787	2,683
Total expenses		<u>9,475</u>	14,466	9,436
Profit before income tax		558	1,574	821
Income tax expense		82	182	205
Profit for the period		476	1,392	615
Total comprehensive income		476	1,392	615
Profit/(loss) Attributable to:				
Owners of the Parent		281	705	240
Non-Controlling Interests		195	687	375
Total earnings per share attributable to the equity holders of the Parent Company:				
Basic (cents per share)		0.17	0.48	0.18
Diluted (cents per share)		0.17	0.47	0.17

The notes on pages 8 to 15 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity - Unaudited

Allied Farmers Limited and Subsidiaries
For the six months ended 31 December 2016

	Note	Share Capital \$000	Accumulated losses \$000	Non Controlling \$000	Total Equity \$000
Opening balance as at 1 July 2015		150,247	(152,217)	495	(1,475)
Comprehensive income					
Net profit for the 6 months ended 31 December 2015		-	240	375	615
Total comprehensive income		-	240	375	615
Transactions with owners					
Share capital issued		1,532	-	-	1,532
Purchase of shares in NZ Farmers Livestock Ltd		-	(104)	(896)	(1,000)
Dividends paid to Non Controlling Interests		-	-	(112)	(112)
Total transactions with owners		1,532	(104)	(1,008)	420
Closing Balance as at 31 December 2015		151,779	(152,081)	(137)	(439)
Opening Balance as at 1 July 2015		150,247	(152,217)	495	(1,475)
Comprehensive income					
Net profit for the year ended 30 June 2016		-	705	687	1,392
Total comprehensive income		-	705	687	1,392
Transactions with owners					
Dividends paid to Non Controlling Interests		-	-	(344)	(344)
Purchase of shares in N Z Farmers Livestock Ltd		1,000	(816)	(184)	-
Share capital issued		532	-	-	532
Total transactions with owners		1,532	(816)	(528)	188
Closing balance as at 30 June 2016		151,779	(152,328)	654	105
Comprehensive income					
Comprehensive Income for the six months ended 31 December 2016		-	281	195	476
Total comprehensive income		-	281	195	476
Transactions with owners					
Dividends paid to Non Controlling Interests		-	-	(146)	(146)
Total transactions with owners		-	-	(146)	(146)
Closing balance as at 31 December 2016		151,779	(152,047)	703	435

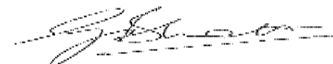
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Consolidated Balance Sheet - Unaudited
Allied Farmers Limited and Subsidiaries
As at 31 December 2016

	Note	December 2016 \$000	June 2016 \$000	December 2015 \$000
Equity				
Share capital	2	151,779	151,779	151,779
Reserves		(152,047)	(152,328)	(152,081)
		(268)	(549)	(302)
Non Controlling Interests		703	654	(137)
Total equity (deficit)		435	105	(439)
Liabilities				
Current liabilities				
Bank Overdraft		453	-	-
Trade and other payables	3	6,397	7,144	6,304
Borrowings	4	1,894	1,546	1,496
Provisions		-	-	566
Taxation		2	151	156
Total current liabilities		8,746	8,841	8,523
Non-current liabilities				
Borrowings	4	3,151	3,782	4,121
Total non-current liabilities		3,151	3,782	4,121
Total liabilities		11,897	12,623	12,644
Total liabilities and shareholders equity		12,332	12,728	12,205
Assets				
Current assets				
Cash and cash equivalents		-	2,478	1,375
Trade and other receivables		7,208	5,510	5,716
Prepayments		92	308	-
Inventory		340	1	747
Total current assets		7,640	8,297	7,838
Non-current assets				
Deferred tax asset		407	407	275
Investment	7	455	232	236
Advances	7	136	68	171
Property, plant and equipment	5	3,519	3,642	3,654
Intangible assets	6	175	82	31
Total non-current assets		4,692	4,431	4,367
Total assets		12,332	12,728	12,205

The notes on pages 8 to 15 are an integral part of these financial statements.

The Board of Directors of Allied Farmers Limited authorised these financial statements for issue on 27 February 2017.



.....Director



.....Director

Consolidated Statement of Cash Flows - Unaudited

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2016

	Note	December 6 months 2016 \$000	June Year 2016 \$000	December 6 months 2015 \$000
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from customers		8,658	15,431	9,721
		8,658	15,431	9,721
Cash was applied to:				
Payments to suppliers and employees		(10,094)	(13,121)	(9,443)
Interest paid		(282)	(658)	(370)
Taxation paid		(231)	(134)	(29)
		(10,606)	(13,913)	(9,842)
Net cash flows (used in)/ from operating activities		(1,948)	1,518	(122)
Cash Flows from Investing Activities				
Cash was provided from:				
Sale of property, plant and equipment		-	-	80
Realisation of Investment		-	90	-
Dividend received		25	25	-
		25	115	80
Cash was applied to:				
Investing in associate company	7	(213)	(232)	(441)
Loan to associate company	7	(68)	(68)	-
Purchase of property, plant and equipment and intangible assets	5	(245)	(281)	(90)
		(527)	(581)	(531)
Net cash flows (used in)/ from investing activities		(502)	(466)	(451)
Cash Flows from Financing Activities				
Cash was provided from:				
Borrowings		-	775	-
		0	775	-
Cash was applied to:				
Borrowings		(333)	(1,290)	(226)
Dividends paid to non controlling interests		(146)	(344)	(112)
		(480)	(1,634)	(337)
Net cash flows (used in)/ from financing activities		(480)	(859)	(337)
Net (decrease)/ increase in cash and cash equivalents		(2,931)	193	(910)
Cash and cash equivalents at beginning of year		2,478	2,285	2,285
Cash and cash equivalents at end of year		(453)	2,478	1,375

The notes on pages 8 to 15 are an integral part of these financial statements.

Reconciliation of Operating Cash Flows - Unaudited

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2016

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

	Note	December 6 months 2016 \$000	June Year 2016 \$000	December 6 months 2015 \$000
Net profit after tax for the period		<u>476</u>	1,392	615
Adjustments for:				
Share of profit equity accounted	7	11	18	-
(Profit)/Loss on sale of assets		-	26	(9)
Depreciation	5	275	506	271
Interest paid capitalised		-	-	221
Amortisation of intangibles		-	26	-
Movement in impairment provisions on trade receivables		-	17	-
Movement in deferred tax assets		-	(273)	(141)
		<u>286</u>	320	342
Movement in working capital:				
Decrease in Loans and Advances		-	-	90
(Increase)/Decrease in trade and other receivables		(1,698)	(404)	(536)
Increase/(Decrease) in payables and provisions		(674)	164	67
(Increase)/decrease in inventory		(339)	46	(700)
		<u>(2,712)</u>	(194)	(1,079)
Net cash (outflows)/inflows from operating activities		<u>(1,948)</u>	1,518	(122)

The notes on pages 8 to 15 are an integral part of these financial statements

Statement of Accounting Policies

Allied Farmers Limited and Subsidiaries

For the 6 months ended 31 December 2016 - unaudited

GENERAL INFORMATION

These financial statements have been approved for issue by the Board of Directors on 27 February 2017. 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 2016

These financial statements are prepared in New Zealand dollars (\$), which is the company's functional currency.

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

Notes to the Financial Statements

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2016 - unaudited

1. Financial information on segments of the business

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 Board of Directors considers the livestock operations nationally as a distinctly separate activity from other operations including the recently ceased Asset Management Services and the activity associated with being a listed entity and some Group funding which is regarded as Corporate 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 operated nationally. During the six months the Group's Rural Services segment included the addition of a new livestock financing facility. The early livestock finance business growth, impacted operating cash flows, but was supported by new bank facilities put in place by the launch of this facility. The Rural Services activities are influenced by seasonality. Dairy herd 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 2016 are as follows:

	Asset Management Services	Rural Services	Corporate Services	Total Continuing
	\$000	\$000	\$000	\$000
Sales of goods and interest and fee income	32	9,999	2	10,033
Inter-segmental income	-	(193)	193	-
Total Income	32	9,806	195	10,033
Depreciation and amortisation	-	(275)	-	(275)
Interest and funding expense (external)	-	(350)	(68)	(418)
Net Other expenses (external)	(1)	(8,523)	(257)	(8,781)
Profit/Loss before income tax	31	657	(130)	558
Income Tax	-	(82)	-	(82)
Profit/Loss after Income Tax	31	575	(130)	476

The segment assets and liabilities as at 31 December 2016 and capital expenditure for the 6 months ended 31 December 2016 are as follows:

	Asset Management Services	Rural Services	Corporate Services	Total Continuing
	\$000	\$000	\$000	\$000
Assets	33	12,177	122	12,332
Liabilities	-	(9,630)	(2,267)	(11,897)
Capital Expenditure				169

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

	Asset Management Services	Rural Services	Corporate Services	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	Rural Services	Corporate Services	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 twelve months ended 30 June 2016 are as follows:

	Asset Management Services	Rural Services	Corporate Services	Total Continuing
	\$000	\$000	\$000	\$000
Sales of goods and fee income	-	5,948	-	5,948
Other Income	137	9,780	-	9,917
Inter-segmental income	-	(929)	929	-
Interest Income	-	142	33	175
Total Income	137	14,941	962	16,040
Cost of Inventory	-	(4,642)	-	(4,642)
Depreciation and amortisation	-	(532)	-	(532)
Interest and funding expense (external)	-	(492)	(166)	(658)
Employee benefit expense	(17)	(5,664)	(59)	(5,740)
Net Other expenses (external)	(5)	(2,285)	(604)	(2,894)
Profit/Loss before income tax	115	1,326	133	1,574
Income Tax	-	(182)	-	(182)
Profit/Loss after Income Tax	115	1,144	133	1,392

The segment assets and liabilities as at 30 June 2016 and capital expenditure for the 12 months ended 30 June 2016 are as follows:

	Asset Management Services	Rural Services	Corporate Services	Total Continuing
	\$000	\$000	\$000	\$000
Assets - Current	9	7,615	673	8,297
Assets - Non Current	-	4,158	273	4,431
	<u>9</u>	<u>11,772</u>	<u>946</u>	<u>12,728</u>
Liabilities Current	-	(7,193)	(1,648)	(8,841)
Liabilities - Non Current	-	(2,782)	(1,000)	(3,782)
	<u>-</u>	<u>(9,975)</u>	<u>(2,648)</u>	<u>(12,623)</u>
Capital Expenditure	-	290	-	290

2 Share capital

	Group Dec-16 6 Months \$000	Group Jun-16 12 months \$000	Group Dec-15 6 months \$000
Ordinary shares			
Ordinary shares (fully paid)			
Balance at beginning of period	151,740	150,208	150,208
Issue Ordinary Shares	-	1,532	1,532
Transfer due to exercise of options	25	-	-
Balance at end of period	<u>151,765</u>	<u>151,740</u>	<u>151,740</u>
Share options			
Balance at beginning of year	39	39	39
Transfer due to issue of options	(25)	-	-
Balance at end of year	<u>14</u>	<u>39</u>	<u>39</u>
	<u>151,779</u>	<u>151,779</u>	<u>151,779</u>
Number of shares issued and fully paid			
Balance at beginning of period	159,185	129,831	129,831
Issue of ordinary shares	1,450	29,354	29,354
Balance at end of period	<u>160,635</u>	<u>159,185</u>	<u>159,185</u>

The total number of shares on issue as at 31 December 2016 is 160,635,350(December 2015: 159,185,350).

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-16 6 Months \$000	Group Jun-16 12 months \$000	Group Dec-15 6 months \$000
Trade creditors	5,014	5,099	5,759
Employee entitlements	776	932	310
Other creditors and payables	608	1,113	234
	6,397	7,144	6,304
<i>Classified as:</i>			
Current	6,397	7,144	6,304
Non-current	-	-	-
	6,397	7,144	6,304

4 Borrowings - Secured

	Group Dec-16 6 Months \$000	Group Jun-16 12 months \$000	Group Dec-15 6 months \$000
Current			
Borrowings - ANZ Bank	517	517	475
Bonds	1,000	600	600
Finance Leases	377	429	421
	1,894	1,546	1,496
Non Current			
Borrowings - ANZ Bank	2,371	2,535	2,768
Bonds	550	1,000	1,000
Finance Leases	230	247	353
	3,151	3,782	4,121

The Group's Rural Services business had borrowings from The ANZ Bank Ltd which total \$2,887,830 as at 31 December 2016 (December 2015:\$3,243,101). 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 2016. 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 2014 Bonds carry an interest rate of the one year interest rate swap mid-rate per annum as determined by Westpac New Zealand Ltd on 30 September each year plus a margin of 6 percentage points. The current interest rate is 8.173% per annum. The 2014 Bond is 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.

Allied Farmers Rural Ltd issued \$600,000 of Bonds on 13 September 2013. The 2013 Bond contained a provision that for every 10 Bonds the Bondholders have the right to 58 ordinary shares in Allied Farmers Ltd. The 2013 Bonds matured and were repaid in August 2016, partly from the proceeds of the 2016 Bond issued around the same time. The rights to ordinary shares that have not yet been exercised are unaffected by the repayment of the Bond.

Allied Farmers Rural Limited issued \$550,000 of Bonds on 30 August 2016, with a maturity date of 30 September 2018, but with an option for Allied Farmers Rural Limited to redeem in full on 30 September 2017. The interest rate on the 2016 Bond is 7.75% per annum. If the 2016 Bond is redeemed on 30 September 2017, Allied Farmers Rural Limited will pay an additional 0.25% to the holders on the face value of the 2016 Bonds they hold on the repayment date.

The security for the 2016 Bond is second ranking after the holders of the 2014 Bond, comprising a general security interest over the assets of Allied Farmers Limited and its group charging subsidiaries ("Security Obligors"), a guarantee by the Security Obligors in respect of the obligations of AFRL, and a specific security over the shares issued by NZ Farmers Livestock Limited and held by AFRL.

5 Property Plant and Equipment

	Group Dec-16 6 Months \$000	Group Jun-16 12 Months \$000	Group Dec-15 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	1,003	1,003
Additions	-	-	-
Disposals	-	-	-
Reclassification	-	-	(116)
Cost at end of year	<u>1,003</u>	<u>1,003</u>	<u>887</u>
Accumulated depreciation at beginning of year	(176)	(115)	(115)
Depreciation charged to income statement	(31)	(61)	(31)
Reclassification	-	-	-
Accumulated depreciation at end of year	<u>(207)</u>	<u>(176)</u>	<u>(146)</u>
Buildings net book value	<u>796</u>	<u>827</u>	<u>741</u>
Motor vehicles			
Cost at beginning of year	1,289	1,241	1,241
Additions	149	186	55
Disposals	(114)	(138)	(77)
Cost at end of year	<u>1,324</u>	<u>1,289</u>	<u>1,219</u>
Accumulated depreciation at beginning of year	(624)	(334)	(334)
Depreciation charged to income statement	(212)	(420)	(221)
Disposals	73	130	88
Accumulated depreciation at end of year	<u>(763)</u>	<u>(624)</u>	<u>(467)</u>
Motor vehicles net book value	<u>561</u>	<u>665</u>	<u>752</u>
Plant and equipment			
Cost at beginning of year	266	269	269
Additions	20	13	9
Disposals	(1)	(6)	(3)
Reclassification	-	(10)	-
Cost at end of year	<u>285</u>	<u>266</u>	<u>275</u>
Accumulated depreciation at beginning of year	(135)	(116)	(116)
Depreciation charged to income statement	(10)	(25)	(15)
Disposals	3	6	(2)
Accumulated depreciation at end of year	<u>(142)</u>	<u>(135)</u>	<u>(133)</u>
Plant and equipment net book value	<u>143</u>	<u>131</u>	<u>142</u>
Property, plant and equipment cost at end of year	4,631	4,577	4,400
Property, plant and equipment accumulated depreciation at end of year	(1,112)	(935)	(746)
Total property, plant and equipment net book value	<u>3,519</u>	<u>3,642</u>	<u>3,654</u>

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

Cost Capitalised Finance Lease	1,324	1,289	1219
Accumulated Depreciation	(763)	(624)	(467)
Net Book Amount	<u>561</u>	<u>665</u>	<u>752</u>

6 Intangible assets

	Group Dec-16 6 Months \$000	Group Jun-16 12 Months \$000	Group Dec-15 6 months \$000
Computer software			
Cost at beginning of year	218	127	127
Additions	-	99	26
Reclassification	15	(8)	-
Cost at end of year	<u>233</u>	<u>218</u>	<u>153</u>
Accumulated amortisation at beginning of year	(136)	(118)	(118)
Amortisation charged to income statement	(22)	(26)	(4)
Reclassification	-	8	-
Accumulated amortisation at end of year	<u>(158)</u>	<u>(136)</u>	<u>(122)</u>
Computer software net book value	<u>75</u>	<u>82</u>	<u>31</u>
Goodwill			
Cost at beginning of year	-	-	-
Additions	100	-	-
Cost at end of year	<u>100</u>	<u>-</u>	<u>-</u>
Total intangibles	<u>175</u>	<u>82</u>	<u>31</u>

7 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows;

	Group Dec-16 \$000	Group June-16 \$000	Group Dec-15 \$000
Redshaws Livestock Ltd original cost including legal expenses	232	214	-
Additions	212	-	214
Share of profit for year	11	18	22
Total	<u>455</u>	<u>232</u>	<u>236</u>
Working capital loan	136	68	68
The amounts recognised in the profit or loss are as follows;			
Redshaws Livestock Ltd	11	18	22

8 Related Party Transactions

Overview of related party

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

- (a) Group companies: all wholly owned subsidiaries of Allied Farmers Limited. For subsidiary companies of the Parent refer to note 12.
- (b) 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.
- (c) 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-16 6 Months \$000	Group Jun-16 12 Months \$000	Group Dec-15 6 months \$000
Salaries and other short term benefits	182	271	126
Directors fees	71	137	67
Directors Retirement Allowance	14	197	21
Total key management personnel compensation	267	605	214

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 2016 totalled \$183,791 (December 2015: \$197,912 June 16: \$462,155). These transactions took place on normal trading terms. The commission earned by New Zealand Farmers Livestock Ltd for the six months to December 2016 was \$9,485 (2015: \$9,037 June 16: \$24,385).

- (b) Other related parties

The Group conducts transactions with associated persons of related parties 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 30 August 2016 with an interest rate of 7.75% p.a. and a maturity date of 30 September 2018. 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. (see note 4)

9 Dividends

Dividends were declared during the period by subsidiary New Zealand Farmers Livestock Ltd to the minority shareholders of \$146,000 (Jun 2016: \$344,000 ; Dec 2015: \$112,000).

10 Contingent Assets and Liabilities

Contingent Asset

In 2007 Allied Farmers Ltd was granted a personal guarantee for a debt, secured by a first ranking mortgage over a parcel of land. The land has recently been conditionally sold by the executors of the estate of the guarantor. Settlement of the sale is subject to a condition requiring a boundary change to the land. The debt is subject to accruing interest to the date of repayment, being the date of settlement of the sale of the land in the event that the sale becomes unconditional.

Contingent Liabilities

There are no contingent liabilities as at 31 December 2016.

11 Events subsequent to balance date

There are no material events subsequent to 31 December 2016.

12 Group Companies

The subsidiary companies comprising the Group are:

		Group Dec-16 6 Months	Group Jun-16 12 Months	Group Dec-15 6 months
Subsidiaries of the Parent				
Allied Farmers Investments Limited	Asset management Services	100%	100%	100%
Allied Farmers Rural Limited	Corporate Services	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%	66%	66%
Subsidiaries of NZ Farmers Livestock Ltd				
Farmers Meat Export Ltd	Calf Processing	100%	100%	100%
NZ Farmers Livestock Finance Ltd	Livestock Finance	100%	-	-
Redshaws Livestock Limited (Equity accounted)	Rural Services	34%	-	-
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.

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

	Date of Receivership	Principal activity	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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G Andrew McDouall BCA. Dip NZX

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Mark Benseman BA (Hons)

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Registered Office of the Company

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Postal Address of the Company

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Share Registrar

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