



Allied Farmers Ltd
201 Broadway, Stratford, 4332
PO Box 304, Stratford 4352
Web: www.alliedfarmers.co.nz
Email: headoffice@alliedfarmers.co.nz

ALLIED FARMERS FULL YEAR RESULT TO 30 JUNE 2016

The Directors of Allied Farmers Ltd ("Allied") (ALF:NZX) report that Allied has reported a 41% increase in audited net profit before tax for the year to June 2016 of \$1.57m (2015 \$1.1m).

Allied has had an excellent year with an improved result from the Livestock Division, and the winding down of the Asset Management Services Division. The result is particularly pleasing as the current year performance reflects a full year's trading result and is not impacted by the one off \$0.6m gains that significantly bolstered the 2015 result.

The Livestock Division, which includes the operation of NZ Farmers Livestock Ltd, owned 66% by Allied as at 30 June 2016 (2015: 57%), reported a 52% increase in pre-tax profit of \$2.26m (2015 \$1.48m) on income that was 8% ahead of the prior year. Livestock sales performed well in the second half as there was a higher turnover particularly due to dairy farmers reducing overall herd numbers. Returns from its meat processing business were also higher than the previous year, and as costs and headages were relatively constant, the flow on impact of higher selling prices and the lower exchange rates were reflected in the bottom line.

The Asset Management Services Division ("AMS"), was wound down during the year as all assets of any significant value were realised. AMS reported a small profit of \$0.12m for the year, (2015 \$0.23m) reflecting some small over-recovery on the disposal of assets.

As the legacy of Allied's on-demand secured debt was extinguished, the Group was able to focus on growth opportunities during the year. A 17% stake in Redshaws Livestock in the Hawkes Bay was acquired by NZ Farmers Livestock in July 2015 with the stake growing to 52% over the next two years. The performance of this investment was in line with expectations as the synergies of the two businesses working together began to be realised.

In December Allied acquired back 9% of the shares in NZ Farmers Livestock that it sold in the previous year in order to repay on-demand secured debt. This has increased Allied's proportion of distributions from NZFL from December 2015, and will be fully reflected for the 2017 financial year.

During the year ALF's corporate costs have been reduced as a result of a wind down of the AMS Division, the substantial reduction of shareholder numbers from the Small Shareholder Sale programme, lower audit and insurance costs reflecting ongoing simplification and risk reduction, and a lower weighted average interest rate on Allied's secured debt. These savings will be fully reflected for the 2017 financial year.

The focus for the coming year will be to continue to look for opportunities to grow the Livestock business. To this end, since 30 June NZ Farmers Livestock has added several experienced livestock agents, operating out of Northland and in the South Island, and are actively looking to further expand the livestock business. A Finance subsidiary has been established which will commence livestock financing particularly for dairy bulls. MyLivestock, the online listing platform, is finalising an app which will make access to livestock listings simpler and easier.

The year has been one of taking first steps to grow the business now that the secured debt restructuring has been completed. The Directors wish to highlight the considerable support and loyalty of all of the team of the wider Allied Farmers group, and the support of its many clients and stakeholders.

Garry Bluett

Chairman