



Monday, 15 May 2017

Appendix 4D and Financial Statements for the Financial Period Ended 31 March 2017

Elders Limited (ASX: ELD) today reports its results for the half-year ended 31 March 2017.

Attached is the Appendix 4D (Results for announcement to the market), and Financial Statements for the 6 month financial period ended 31 March 2017.

Peter Hastings
Company Secretary



Elders Limited
ABN 34 004 336 636

**HALF YEAR REPORT
APPENDIX 4D**

31 MARCH 2017

ELDERS LIMITED
APPENDIX 4D (RULE 4.2)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 MARCH 2017

Attached is the final report for the half year ended 31 March 2017. The consolidated profit after tax attributable to parent entity shareholders was \$38.3 million (2016: \$24.6 million).

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 March 2017 half year financial statements.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 September 2016 and considered together with any public announcements made by Elders Limited during the half year ended 31 March 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

	Result			6 months March 2017 \$000
Revenue from ordinary operations	up	4%	to	773,223
Profit/(loss) after tax for the year attributable to members	up	56%	to	38,291

Dividends

	Amount per security	Franked amount per security
Interim dividend	Nil	n/a
Previous corresponding period	Nil	n/a

Net tangible assets

	March 2017 \$	March 2016 \$
Net tangible asset backing per ordinary security (113,859,440 ordinary shares)	0.90	0.96

ELDERS LIMITED DIRECTORS' REPORT

The Board of Directors of Elders Limited submits its report in respect of the half year ended 31 March 2017.

DIRECTORS' REPORT

The Directors of Elders in office during the half year and at the date of this report are:

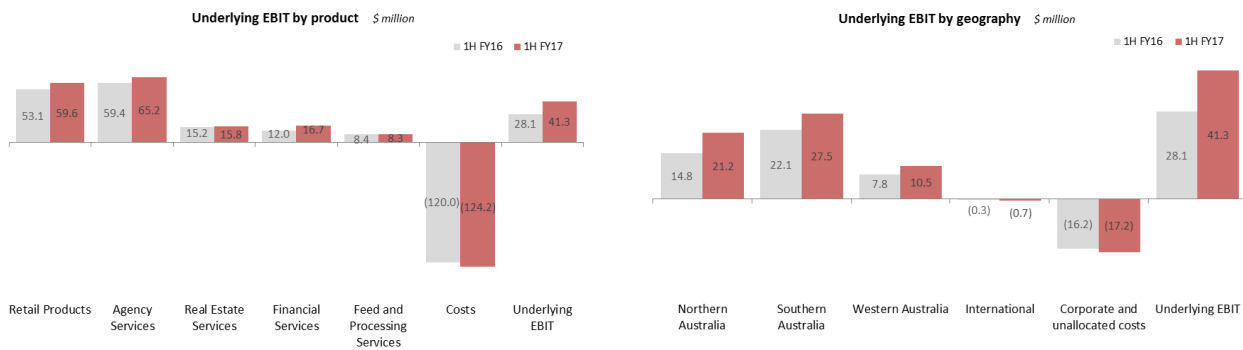
J H Ranck (Chairman)
M C Allison
R Clubb
J A Jackson
I Wilton

REVIEW AND RESULTS FROM OPERATIONS

The statutory result included a number of items that are unrelated to operating financial results. Measurement and analysis of financial results excluding these items is considered to give a meaningful representation of like-for-like performance from ongoing operations ("underlying profit"). Underlying profit is a non-IFRS measure and is not audited or reviewed. The following table provides a summary of statutory and underlying EBIT and profit outcomes for the half year.

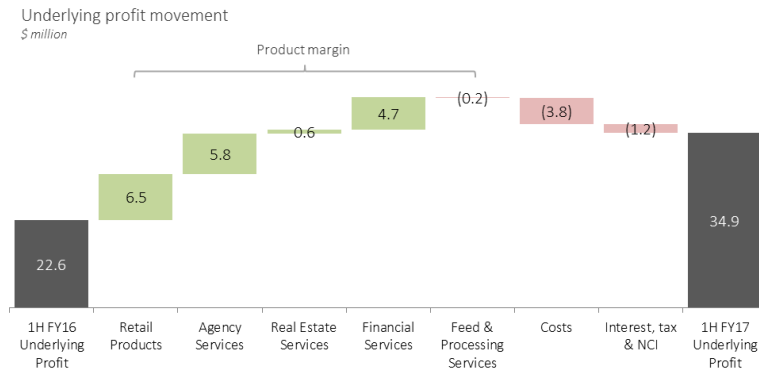
Profit and Loss

Profit: Reported and Underlying			
\$million	1H FY17	1H FY16	Change
Sales	698.2	615.0	83.2
Australian Network	55.5	41.3	14.2
Feed and Processing Services	3.0	3.0	0.0
Corporate Services and unallocated costs	(17.2)	(16.2)	(1.0)
Underlying EBIT	41.3	28.1	13.2
Finance costs	(3.4)	(3.8)	0.4
Underlying profit before tax	37.9	24.3	13.6
Tax	(1.7)	(0.9)	(0.8)
Non-controlling interests	(1.3)	(0.9)	(0.4)
Underlying profit to shareholders	34.9	22.6	12.3
Items excluded from underlying profit	3.4	2.0	1.4
Reported profit after tax to shareholders	38.3	24.6	13.7



ELDERS LIMITED DIRECTORS' REPORT

Analysis of movement in underlying profit



The company generated an underlying EBIT of \$41.3 million in the first half of 2017 compared to \$28.1 million in 2016. Key factors that influenced the result were:

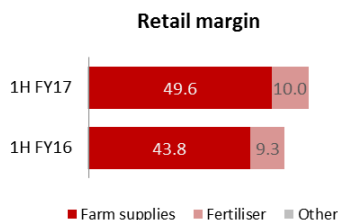
- Retail benefited from improved summer cropping conditions and geographical expansion
- Agency uplift with continued strong livestock prices and benefit from footprint growth
- Financial services earnings boosted from StockCo and Elders Insurance acquisitions
- Higher costs to drive Eight Point Plan initiatives, including acquisitions and footprint growth
- Tax and non-controlling interests higher due to improved performance in partnerships

Items excluded from underlying profit (post tax) for the period are presented below. The breakeven Live Export Services result for the half continues to be excluded from underlying profit.

Items excluded from underlying profit		
\$million	1H FY17	Commentary
Fair value adjustment of investment in Elders Insurance	2.3	Revaluation of initial 10% holding to fair value
Tax asset adjustment	1.1	Recognition of tax losses based on profitability forecasts
Items excluded from underlying profit	3.4	

Review of Operations

Retail Products

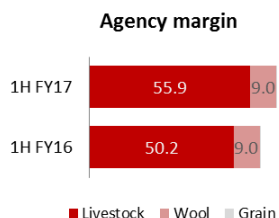


Retail earnings improved \$6.5 million (12%) on last year. Normalised conditions across northern New South Wales, Victoria and South Australia generated strong crop protection and fertiliser demand.

Geographical expansion, including the recruitment of high performing staff in Tasmania and New South Wales were earnings accretive. Margins also improved through continued focus on price book management and increased target rebates earn.

ELDERS LIMITED DIRECTORS' REPORT

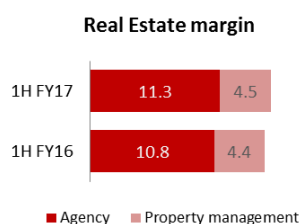
Agency Services



Agency earnings improved \$5.8 million (10%) on last year. Livestock prices and footprint expansion accounted for this increase. Cattle and sheep prices remained high during the period and rose on average 15% and 24% respectively compared to pricing in the first half of the 2016 financial year. Cattle prices were driven by strong domestic demand combined with tightening supply.

Wool earnings were in line with last year despite lower volumes, with higher wool market prices and corresponding earn per bale for Elders offsetting the lower activity.

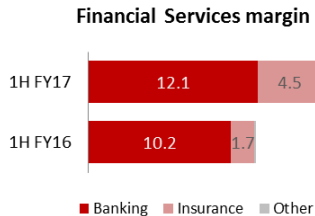
Real Estate Services



Favourable market conditions, including low interest rates and high livestock prices continue to generate demand for large cattle farming and broadacre cropping properties, with Elders experiencing an increase of \$76 million (15%) of turnover for farm land real estate on last year.

Despite softening real estate markets in the Northern and Western geographies, Elders has maintained residential turnover levels and earnings. Acquisitions of agency and property management businesses contributed to the strong result for the half.

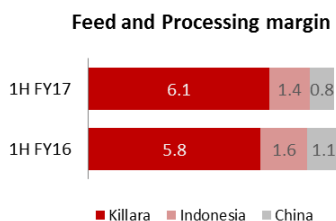
Financial Services



Financial Services were boosted by acquisitions during the half, being the purchase of 30% of StockCo (a specialist livestock financier) on 13 October 2016 for \$10 million and an additional 10% of Elders Insurance on 1 December 2016 for \$20 million. Elders now owns 20% equity in Elders Insurance.

The banking distribution arrangement with Rural Bank yielded strong results with the performing loan book growing \$87.3 million (3.5%) on last year. Gross written premiums in the Insurance business for the first half were \$322 million, representing growth of \$34.7 million (12%) on last year.

Feed and Processing Services

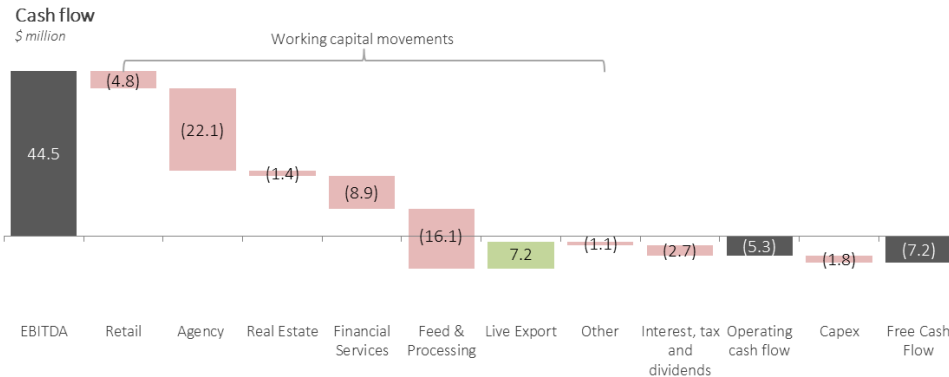


Earnings for the Killara feedlot increased 11% on last year. The improved performance came from efficiencies arising from a higher occupancy of 93%, compared to 88% last year, continued success in paddock procurement strategies and lower repairs and maintenance expenses following significant capital investment.

High cattle costs continue to adversely impact the overseas businesses. Indonesian feedlot earnings were adversely impacted by longer days on feed caused by irregular supply while the Indonesia retail meat business benefited from the commencement of importation of the Elders branded Killara and Marlee products. Despite increased sales activity and growth in the customer base in the China business, pricing pressures and the high Australian dollar resulted in lower earnings.

ELDERS LIMITED DIRECTORS' REPORT

Cash Flow



The business recorded an operating cash outflow of \$5.3 million for the half. Key factors that impacted cash flows were:

- Strong underlying EBITDA, offset by increased working capital usage
- Working capital usage reflecting:
 - Higher activity the Agency business leading up to balance date
 - Investment in Financial Services through provision of shareholder funding to StockCo
 - Increased occupancy and higher cattle prices in the Feed and Processing feedlots
 - Reduction in Live Export working capital balances in line with reduced shipping activity

Balance Sheet

Elders' balance sheet and sales results typically follow a seasonal pattern across the year, with working capital levels in particular being influenced by the cycles associated with cropping and livestock production. For this reason, balance sheet analysis is best conducted from the perspective of a year-on-year comparison.

Balance Sheet: key items			
\$million as at end:	Mar-17	Sep-16	Mar-16
Inventory	146.5	109.6	127.9
Livestock	45.9	36.1	41.3
Trade and other receivables	391.9	381.3	355.2
Trade and other payables	(352.7)	(335.4)	(318.3)
Working capital	231.6	191.6	206.1
Borrowings: working capital and other facilities	(172.2)	(121.3)	(141.8)
Cash and cash equivalents	1.8	35.2	15.8
Net debt	(170.4)	(86.1)	(126.0)
Provisions	(42.1)	(47.0)	41.1
Shareholders' equity	179.0	186.5	128.1
Underlying return on capital	30.2%	28.4%	26.4%

ELDERS LIMITED DIRECTORS' REPORT

Working capital

Key fluctuations in working capital from March 2016 relate to:

- Higher working capital balances at March 2017 as a result of increased activity in the Retail business
- Increase at balance date due to higher livestock activity in the Agency business
- Investment in Financial Services through provision of shareholder funding to StockCo
- Higher livestock prices and increase in occupancy at the Killara feedlot which is offset by lower Live Export balances as a result of reduced shipping activity

Net debt

Net debt represents working capital facilities, mainly comprised of trade receivables funding for Retail products. Increased net debt from March 2016 reflects higher working capital balances and investment in Elders Insurance and StockCo.

Return on capital

Return on capital continues to improve on a rolling 12 month basis, with:

- Increased profitability of the Retail business
- Continued strong Agency earnings, particularly Livestock, which requires minimal working capital

Outlook

At the date of this report, the following conditions are forecast:

- Retail: Rainfall is forecast to be below average and temperatures higher than average for most of Australia to June, potentially impacting crop yields. Acquisitions and footprint expansion during the second half of the 2016 financial year are expected to deliver further benefits.
- Agency: Tight supply for both sheep and cattle is expected to continue throughout winter and into early spring. Prices are expected to remain buoyant in the short term but will subside as volumes increase later in the year. Price decline will be accelerated if the forecasted drier than average winter conditions occur, with growers forced to offload livestock earlier. Wool bales received in store suggest activity will improve in the second half.
- Real Estate: Demand for farm land property is expected to ease in line with the potential decline in livestock prices. Western Australian performance is expected to lift with the acquisition of Southern Districts Estate Agency (acquired 1 April 2017) bolstering sales agency and property management earnings.
- Financial Services: Earnings growth achieved in the first half is expected to continue with the StockCo and Insurance acquisitions.
- Feed and Processing: Killara feedlot margins on principally held cattle will continue to be under pressure from high supply costs (cattle prices). Margin pressure will continue for the international operations until cattle prices ease.
- Cost and capital: Continued focus on controlling the underlying cost and capital base is expected to be offset by investment in strategic and growth initiatives.

The performance of Elders is, as always, subject to the influence of the seasonal, market and international trade relation factors that affect the Australian farm sector.

**ELDERS LIMITED
DIRECTORS' REPORT**

ROUNDING OF AMOUNTS

The financial report is presented in Australian dollars and under the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

AUDITOR INDEPENDENCE

The Auditors review of the financial report is in accordance with the declaration on page 21 – "Auditor Independence Declaration to the Directors of Elders Limited."

This report has been made in accordance with a resolution of Directors.



J H Ranck
Chairman



M C Allison
Managing Director

Adelaide
15 May 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2017**

		6 months March 2017 \$000	6 months March 2016 \$000
	Note		
Sales revenue	4	773,223	743,234
Cost of sales		(607,695)	(594,801)
Gross profit		165,528	148,433
Equity accounted profits		1,925	568
Distribution expenses		(108,417)	(107,196)
Administrative expenses		(17,609)	(16,623)
Finance costs		(3,549)	(4,018)
Other items of income/(expense)	4	2,270	(370)
Profit before income tax expense		40,148	20,794
Income tax (expense)/benefit	5	(548)	4,641
Profit after income tax expense		39,600	25,435
Net profit for the period		39,600	25,435
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(60)	(882)
Other comprehensive losses for the period, net of tax		(60)	(882)
Total comprehensive income for the period		39,540	24,553
Profit for the period is attributable to:			
Non-controlling interest		1,309	859
Owners of the parent		38,291	24,576
		39,600	25,435
Total comprehensive income for the period is attributable to:			
Non-controlling interest		1,309	859
Owners of the parent		38,231	23,694
		39,540	24,553
Reported operations			
Basic earnings per share (cents per share)	11	33.6¢	29.3¢
Diluted earnings per share (cents per share)	11	32.6¢	20.7¢

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	March 2017	September 2016
Note	\$000	\$000
Current assets		
Cash and cash equivalents	1,807	35,151
Trade and other receivables	391,907	381,316
Livestock	45,853	36,057
Inventory	146,515	109,643
Total current assets	586,082	562,167
Non current assets		
Plantations	-	1,300
Other financial assets	1,269	19,304
Equity accounted investments	53,533	3,412
Property, plant and equipment	30,310	30,562
Intangibles	10,259	10,418
Deferred tax assets	65,128	64,126
Total non current assets	160,499	129,122
Total assets	746,581	691,289
Current liabilities		
Trade and other payables	349,073	331,565
Interest bearing loans and borrowings	172,244	121,300
Current tax payable	508	1,090
Provisions	39,672	42,661
Total current liabilities	561,497	496,616
Non current liabilities		
Other payables	3,582	3,820
Provisions	2,465	4,349
Total non current liabilities	6,047	8,169
Total liabilities	567,544	504,785
Net assets	179,037	186,504
Equity		
Contributed equity	1,422,255	1,422,382
Hybrid equity	-	36,830
Reserves	(27,644)	(29,063)
Retained earnings	(1,216,790)	(1,246,064)
Total parent entity equity interest	177,821	184,085
Non-controlling interests	1,216	2,419
Total equity	179,037	186,504

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2017**

	6 months March 2017 \$000	6 months March 2016 \$000
Cash flow from operating activities		
Receipts from customers	3,617,708	3,203,240
Payments to suppliers and employees	(3,619,754)	(3,185,009)
Dividends received	2,415	546
Interest and other costs of finance paid	(3,549)	(4,038)
Income taxes paid	(2,132)	(880)
Net operating cash flows	<u>(5,312)</u>	<u>13,859</u>
Cash flow from investing activities		
Payment for property, plant and equipment	(1,849)	(2,587)
Purchase of equity accounted investments	(30,306)	-
Purchase of intangibles	-	(270)
Purchase of controlled entity (net of cash acquired)	-	(200)
Proceeds from sale of property, plant and equipment	17	150
Proceeds from sale of intangibles	-	620
Proceeds from sale of plantations	1,300	-
Net investing cash flows	<u>(30,838)</u>	<u>(2,287)</u>
Cash flow from financing activities		
Purchase of shares for incentive schemes	(127)	-
Proceeds from borrowings	50,944	4,985
Hybrid equity distributions	(3,557)	-
Hybrid equity repurchased	(41,942)	-
Partnership profit distributions/dividends paid	(2,512)	(1,392)
Net financing cash flows	<u>2,806</u>	<u>3,593</u>
Net (decrease)/increase in cash held	(33,344)	15,165
Cash at the beginning of the financial period	35,151	669
Cash at the end of the financial period	<u><u>1,807</u></u>	<u><u>15,834</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2017**

\$000	Contributed equity	Hybrid equity	Reserves	Retained earnings/ (losses)	Non- controlling interest	Total equity
As at 1 October 2016	1,422,382	36,830	(29,063)	(1,246,064)	2,419	186,504
Profit for the period	-	-	-	38,291	1,309	39,600
Other comprehensive income/(loss):						
Exchange differences on translation of foreign operations	-	-	(60)	-	-	(60)
Total comprehensive income/(loss) for the period	-	-	(60)	38,291	1,309	39,540
Transactions with owners in their capacity as owners:						
Hybrid equity repurchased	-	(41,942)	-	-	-	(41,942)
Partnership profit distributions/dividends paid	-	-	-	-	(2,512)	(2,512)
Cost of share based payments	-	-	1,006	-	-	1,006
Hybrid equity distribution	-	-	-	(3,557)	-	(3,557)
Reallocation of equity	-	5,112	-	(5,112)	-	-
Other	(127)	-	473	(348)	-	(2)
As at 31 March 2017	1,422,255	-	(27,644)	(1,216,790)	1,216	179,037
As at 1 October 2015	1,323,284	107,600	(19,308)	(1,301,213)	1,265	111,628
Profit for the period	-	-	-	24,576	859	25,435
Other comprehensive income/(loss):						
Exchange differences on translation of foreign operations	-	-	(882)	-	-	(882)
Total comprehensive income/(loss) for the period	-	-	(882)	24,576	859	24,553
Transactions with owners in their capacity as owners:						
Partnership profit distributions/dividends paid	-	-	-	-	(1,392)	(1,392)
Cost of share based payments	-	-	614	-	-	614
Reallocation of equity	-	-	(51)	51	-	-
Other	-	-	(7,590)	-	285	(7,305)
As at 31 March 2016	1,323,284	107,600	(27,217)	(1,276,586)	1,017	128,098

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2017

NOTE 1 CORPORATE INFORMATION

The consolidated financial report of Elders Limited for the half year ended 31 March 2017 was authorised for issue in accordance with a resolution of the Directors on 15 May 2017. Elders Limited (the Parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the company are described in the Directors' Report and note 11. References in this consolidated financial report to 'Elders' are to Elders Limited and each of its controlled entities unless the context requires otherwise.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

(a) Basis of preparation

The half year consolidated financial statements for the 6 months ended 31 March 2017 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The half year consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Elders' annual financial statements as at 30 September 2016.

(b) Changes to Elders accounting policies

The accounting policies adopted in preparation of the half year consolidated financial statements are consistent with those followed in the preparation of Elders' annual financial statements for the year ended 30 September 2016, except for the adoption of new standards and interpretations as of 1 October 2016, none of which had any significant impact on the financial position and performance of Elders.

Elders has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2017

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Elders' consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgement, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial result or the financial position reported in future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable the future taxable profit will be available to utilise those temporary differences. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets other than Brand Name and goodwill

Elders assesses impairment of all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product performance, technology, climate, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. It is Elders' policy to conduct bi-annual internal reviews of asset values, which are used as sources of information to assess for indicators of impairment. Assets have been tested for impairment in accordance with the accounting policies, including the determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Impairment of Brand Name and goodwill

Elders assesses impairment of assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product performance, technology, climate, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. It is Elders' policy to conduct bi-annual internal reviews for indicators of impairment. If indicators exist, assets are tested for impairment through determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Elders determines whether the Brand Name and goodwill are impaired on an annual basis. This requires an estimation of the recoverable amount of the associated cash-generating units, using a value in use discounted cash flow methodology, to which the Brand Name or goodwill is allocated.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as lease terms (for leased assets). In addition, the condition of assets is assessed and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Live export restructuring and exit costs

Elders has provided for restructuring and exit costs yet to be incurred in regards to the exit from the long haul live export business and the managed divestment as a going concern of the short haul business. The provisions recognised in respect of the exit and divestment have been made by management using certain assumptions and judgements, including the timing of sale of the short haul business and profitability of the short haul business until that sale date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2017**

NOTE 4 REVENUE AND EXPENSES

	6 Months March 2017 \$000	6 Months March 2016 \$000
Sales revenue		
Sale of goods and biological assets	624,668	611,491
Debtor interest associated with sales	2,902	2,584
Commission revenue	145,653	129,159
	773,223	743,234
Other items of income/(expense)		
Fair value adjustments	2,270	-
Impairment of indirect tax assets	-	(900)
Foreign exchange gains/(losses)	-	530
	2,270	(370)
Depreciation and amortisation	(1,907)	(1,708)

NOTE 5 INCOME TAX

A reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at Elders' effective income tax rate is as follows:

	6 months March 2017 \$000	6 months March 2016 \$000
Total Accounting profit before tax	40,148	20,794
Income tax expense at 30% (2016: 30%)	(12,044)	(6,238)
Adjustments in respect of current income tax of previous years	74	(93)
Recognition of previously unrecognised tax losses	10,720	11,129
Other	702	(157)
Income tax (expense)/benefit as reported in the statement of comprehensive income	(548)	4,641

Tax losses

Elders has tax losses for which no deferred tax asset is recognised in the Statement of Financial Position of \$189.3 million (September 2016: \$200.8 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

NOTE 6 EQUITY ACCOUNTED INVESTMENTS

On 13 October 2016, Elders acquired 30% in StockCo Holdings Pty Ltd for \$10 million.

On 1 December 2016, Elders acquired another 10% in Elders Insurance (Underwriting Agency) Pty Limited for \$20.3 million. As a result of this transaction, the existing 10% investment was reclassified from other financial assets to equity accounted investments. A fair value adjustment of \$2.3 million was also applied to the original investment based on the purchase price of the acquisition.

NOTE 7 HYBRID EQUITY

During the period, Elders' wholly owned subsidiary, Elders Management Services Pty Ltd, realised all Hybrids at a price of \$108.48 each, being total consideration of \$45.5 million. As a result of this transaction, all balances relating to hybrid equity have been derecognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2017**

NOTE 8 RESERVES

Reconciliation of carrying amounts at beginning and end of period:

	Business combina- tion reserve \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Total \$000
As at 1 October 2016	(26,418)	1,711	(4,356)	(29,063)
Exchange differences on translation of foreign operations	-	-	(60)	(60)
Cost of share based payments	-	1,006	-	1,006
Other	473	-	-	473
As at 31 March 2017	(25,945)	2,717	(4,416)	(27,644)
As at 1 October 2015	(16,228)	459	(3,539)	(19,308)
Exchange differences on translation of foreign operations	-	-	(882)	(882)
Cost of share based payments	-	614	-	614
Transfer to retained earnings	-	(51)	-	(51)
Other	(7,590)	-	-	(7,590)
As at 31 March 2016	(23,818)	1,022	(4,421)	(27,217)

NOTE 9 DIVIDENDS

No dividends are proposed to be paid or were paid during the period (2016: Nil)

NOTE 10 CONTINGENT LIABILITIES

There are no additional contingent liabilities other than that disclosed in note 23 of the September 2016 financial statements.

NOTE 11 SEGMENT INFORMATION

Identification of reportable segments

Elders has identified its operating segments to be Network, Feed and Processing, Live Export and Other. This is the basis on which internal reports are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer on at least a monthly basis. Elders operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Type of product and service

- Network includes the provision of a range of products and services through a common distribution channel, including agricultural retail products, agency services and financial services.
- Feed and Processing includes the Australian cattle feedlot near Tamworth in New South Wales (Killara Feedlot), the Indonesian cattle feedlot near Lampung (PT Elders Indonesia), and Elders Fine Foods which is involved in the importation and distribution of Australian and New Zealand food products throughout China.
- Live Export facilitates principal position trades of dairy, beef feeder, beef slaughter and breeding cattle, and sheep from Australia and New Zealand to international markets by sea or air freight. Elders is in the process of exiting the live export business, with cessation of the long haul business occurring in 2016 and a managed divestment of the short haul business continuing.
- The Other segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities, including centrally held costs not allocated to the other segments.

Accounting policies and intersegment transactions

The accounting policies used by Elders in reporting segments internally are the same as those contained in note 2 to the accounts. Segment results have been determined on a consolidated basis and represent the earnings before corporate net financing costs and income tax expense.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2017**

NOTE 11 SEGMENT INFORMATION

	Network	Feed and Processing	Live Export	Other	Total
6 months ended March 2017	\$000	\$000	\$000	\$000	\$000
Sales revenue	614,065	81,162	77,635	361	773,223
Equity accounted profits	1,925	-	-	-	1,925
	<u>615,990</u>	<u>81,162</u>	<u>77,635</u>	<u>361</u>	<u>775,148</u>
Earnings before interest, tax, depreciation & amortisation	58,854	3,598	134	(16,982)	45,604
Depreciation & amortisation	(1,067)	(559)	-	(281)	(1,907)
Segment result	<u>57,787</u>	<u>3,039</u>	<u>134</u>	<u>(17,263)</u>	<u>43,697</u>
Corporate net interest expense					<u>(3,549)</u>
Profit from ordinary activities before tax					<u><u>40,148</u></u>
As at 31 March 2017					
Segment assets	581,379	71,570	13,751	79,881	746,581
Segment liabilities	(304,552)	(3,495)	(5,645)	(253,852)	(567,544)
Net assets	<u>276,827</u>	<u>68,075</u>	<u>8,106</u>	<u>(173,971)</u>	<u>179,037</u>
	Network	Feed and Processing	Live Export	Other	Total
6 months ended March 2016	\$000	\$000	\$000	\$000	\$000
Sales revenue	536,105	75,978	130,728	423	743,234
Equity accounted profits	568	-	-	-	568
	<u>536,673</u>	<u>75,978</u>	<u>130,728</u>	<u>423</u>	<u>743,802</u>
Earnings before interest, tax, depreciation & amortisation	42,241	3,472	(2,913)	(16,280)	26,520
Depreciation & amortisation	(951)	(446)	(21)	(290)	(1,708)
Segment result	<u>41,290</u>	<u>3,026</u>	<u>(2,934)</u>	<u>(16,570)</u>	<u>24,812</u>
Corporate net interest expense					<u>(4,018)</u>
Profit from ordinary activities before tax					<u><u>20,794</u></u>
As at 30 September 2016					
Segment assets	492,028	57,594	25,122	116,545	691,289
Segment liabilities	(282,400)	(5,531)	(8,019)	(208,835)	(504,785)
Net assets	<u>209,628</u>	<u>52,063</u>	<u>17,103</u>	<u>(92,290)</u>	<u>186,504</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2017**

NOTE 12 EARNINGS PER SHARE

	March 2017	March 2016
Weighted average number of ordinary shares ('000) used in calculating basic EPS	113,859	83,735
Dilutive share options ('000)	3,465	34,834
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	117,324	118,569
	March 2017	March 2016
	\$000	\$000
Reported operations		
<i>Basic and dilutive</i>		
Net profit/(loss) attributable to members (after tax)	38,291	24,576
<i>Reported operations earnings per share:</i>		
Basic earnings per share (cents per share)	33.6 ¢	29.3 ¢
Diluted earnings per share (cents per share)	32.6 ¢	20.7 ¢

NOTE 13 SUBSEQUENT EVENTS

On 1 April 2017, Elders acquired all the equity share capital of Southern Districts Estate Agency which is a regional West Australian real estate company. The total consideration for this acquisition was \$6 million, including a \$1.6 million deferred component.

Other than the matter described, there is no other matter or circumstance that has arisen since 31 March 2017 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of Elders, the results of those operations or the state of affairs of Elders in subsequent financial periods

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Elders Limited, the Directors declare:

In the opinion of the Directors:

- (a) the financial statements and notes of Elders are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of its financial position as at 31 March 2017 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



J H Ranck
Chairman



M C Allison
Managing Director

Adelaide
15 May 2017



Independent auditor's review report to the members of Elders Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Elders Limited (the Company), which comprises the consolidated statement of financial position as at 31 March 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Elders Limited Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elders Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elders Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 March 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'AG Forman', written over the PricewaterhouseCoopers logo.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'AG Forman', written below the printed name.

AG Forman
Partner

Adelaide
15 May 2017



Auditor's Independence Declaration

As lead auditor for the review of Elders Limited for the half-year ended 31 March 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elders Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'AG Forman'.

AG Forman
Partner
PricewaterhouseCoopers

Adelaide
15 May 2017