21 May 2012

# Appendix 4D and Financial Statements for the Financial Period Ended 31 March 2012

Elders Limited (ASX: ELD) today reports its results for the half-year ended 31 March 2012.

Attached is the Appendix 4D (Results for announcement to the market), and Financial Statements for the 6 month financial period ended 31 March 2012.

**Peter Hastings**
Company Secretary

# Elders Limited
**ABN 34 004 336 636**

# HALF YEAR REPORT
# APPENDIX 4D

# 31 MARCH 2012

# ELDERS LIMITED
# APPENDIX 4D (RULE 4.2)
# RESULTS FOR ANNOUNCEMENT TO THE MARKET
# FOR THE HALF YEAR ENDED 31 MARCH 2012

Attached is the final report for the half year ended 31 March 2012. The consolidated profit after tax and non-controlling interests was $40.5 million (2011: $14.6 million loss).

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 March 2012 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 2011 and considered together with any public announcements made by Elders Limited during the half year ended 31 March 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

Further details on the results and operations are included in the Discussion and Analysis Document provided to the Australian Securities Exchange.

| | Result | | | 6 months March 2012 $000 |
|---|---|---|---|---|
| Revenue from continuing operations | down | 1% | to | 1,067,933 |
| Profit from continuing operations after tax attributable to members | up | 931% | to | 52,896 |
| Loss from discontinued operations after tax attributable to members | down | 52% | to | (12,432) |
| Profit after tax for the year attributable to members | up | 378% | to | 40,464 |

| **Dividends** | Amount per security | Franked amount per security |
|---|---|---|
| Interim dividend | Nil | n/a |
| Previous corresponding period | Nil | n/a |

| **Net tangible assets** | **March 2012 $** | March 2011 $ |
|---|---|---|
| Net tangible asset backing per ordinary security | **0.64** | 1.42 |

| **Revenues from continuing operations comprise:** | **6 months March 2012 $000** | 6 months March 2011 $000 |
|---|---|---|
| Sales revenue | **1,029,186** | 1,046,326 |
| Other revenue | **17,820** | 10,062 |
| Share of profit of associates and joint ventures | **4,189** | 7,351 |
| Profit/(loss) on sale of non current assets | **(105)** | (627) |
| Interest revenue | **16,843** | 10,565 |
| Total | **1,067,933** | 1,073,677 |

**ELDERS LIMITED**
**DIRECTORS REPORT**

The Board of Directors of Elders Limited submits its report in respect of the half year ended 31 March 2012.

## DIRECTORS REPORT

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

J C Ballard (Chairman)
M G Jackman
M C Allison
A Buduls (appointed 15 November 2011)
R G Grigg
I G MacDonald
J H Ranck
J M Rozman (appointed 15 November 2011)
R H Wylie

## REVIEW AND RESULTS FROM OPERATIONS

On a reported basis the consolidated profit after tax and before non-controlling interests was $41.9 million (2011: $11.7 million loss). The consolidated profit after tax and non-controlling interests was $40.5 million (2011: $14.6 million loss).

Further details on the results and operations are included in the Discussion and Analysis Document provided to the Australian Securities Exchange.

## ROUNDING OF AMOUNTS

The parent entity is a company of the kind specified in the Australian Securities and Investments Commission class order 98/100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollar unless specifically stated to be otherwise.

## AUDITOR INDEPENDENCE

The Auditors review of the financial report is in accordance with the declaration on page 24 – "Auditor Independence Declaration to the Directors of Elders Limited."

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

J C Ballard
Chairman

R H Wylie
Director

Adelaide
21 May 2012

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE HALF YEAR ENDED 31 MARCH 2012

| | Note | **6 months March 2012 $000** | 6 months March 2011 $000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Sales revenue | 5 | **1,029,186** | 1,046,326 |
| Cost of sales | | **(811,576)** | (825,536) |
| Other revenues | | **17,820** | 10,062 |
| Expenses | 5 | **(221,526)** | (226,398) |
| Share of profit of associates and joint ventures | 7 | **4,189** | 7,351 |
| Loss on sale of non current assets | 5 | **(105)** | (627) |
| Interest revenue | 16 | **16,843** | 10,565 |
| Finance costs | 16 | **(20,055)** | (38,473) |
| **Profit/(loss) from continuing operations before income tax expense** | | **14,776** | (16,730) |
| Income tax benefit | 6 | **39,550** | 13,281 |
| **Profit/(loss) from continuing operations after income tax expense** | | **54,326** | (3,449) |
| Net loss of discontinued operations, net of tax | 16 | **(12,432)** | (8,205) |
| **Net profit/(loss) for the period** | | **41,894** | (11,654) |
| | | | |
| **Other comprehensive income/(loss)** | | | |
| Foreign currency translation | | **(2,836)** | (3,210) |
| Cash flow hedge and fair value of derivatives | | **(123)** | (865) |
| Recognition of share of reserve for losses in associate | | **-** | 1,239 |
| Income tax on items of other comprehensive income | | **161** | 38 |
| **Other comprehensive income/(loss) for the period, net of tax** | | **(2,798)** | (2,798) |
| | | | |
| **Total comprehensive income/(loss) for the period** | | **39,096** | (14,452) |
| | | | |
| **Profit/(loss) for the period is attributable to:** | | | |
| Non-controlling interest | | **1,430** | 2,918 |
| Owners of the parent | | **40,464** | (14,572) |
| | | **41,894** | (11,654) |
| | | | |
| **Total comprehensive income/(loss) for the period is attributable to:** | | | |
| Non-controlling interest | | **1,209** | 2,816 |
| Owners of the parent | | **37,887** | (17,268) |
| | | **39,096** | (14,452) |
| | | | |
| **Reported operations** | | | |
| Basic earnings per share (cents per share) | 14 | **9.0¢** | (3.3)¢ |
| Diluted earnings per share (cents per share) | 14 | **3.5¢** | (3.3)¢ |
| **Continuing operations** | | | |
| Basic earnings per share (cents per share) | 14 | **11.8¢** | (1.4)¢ |
| Diluted earnings per share (cents per share) | 14 | **4.6¢** | (1.4)¢ |
| **Discontinued operations** | | | |
| Basic earnings per share (cents per share) | 14 | **(2.8)¢** | (1.8)¢ |
| Diluted earnings per share (cents per share) | 14 | **(2.8)¢** | (1.8)¢ |

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# AS AT 31 MARCH 2012

| | Note | **March 2012 $000** | September 2011 $000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **62,514** | 81,614 |
| Trade and other receivables | | **520,411** | 540,825 |
| Livestock | | **59,904** | 53,198 |
| Inventories | | **203,328** | 188,439 |
| Derivative financial instruments | | **498** | 664 |
| Non current assets classified as held for sale | 16(a) | **165,886** | 185,859 |
| Other | | **15,079** | 23,626 |
| **Total current assets** | | **1,027,620** | 1,074,225 |
| **Non current assets** | | | |
| Receivables | | **18,035** | 16,930 |
| Other financial assets | | **17,801** | 17,852 |
| Investments in associates and joint ventures | 7 | **83,364** | 94,088 |
| Property, plant and equipment | | **83,857** | 91,337 |
| Investment properties | | **-** | 2,975 |
| Intangibles | | **260,319** | 250,232 |
| Deferred tax assets | | **90,416** | 119,483 |
| Other | | **31,415** | 22,854 |
| **Total non current assets** | | **585,207** | 615,751 |
| **Total assets** | | **1,612,827** | 1,689,976 |
| **Current liabilities** | | | |
| Trade and other payables | | **371,671** | 433,916 |
| Derivative financial instruments | | **689** | 6,916 |
| Interest bearing loans and borrowings | 8 | **351,586** | 196,041 |
| Current tax payable | | **2,712** | 40,834 |
| Provisions | | **103,075** | 115,333 |
| **Total current liabilities** | | **829,733** | 793,040 |
| **Non current liabilities** | | | |
| Payables | | **1,584** | 2,583 |
| Interest bearing loans and borrowings | 8 | **84,330** | 231,023 |
| Deferred tax liabilities | | **30,742** | 35,558 |
| Provisions | | **19,105** | 23,089 |
| **Total non current liabilities** | | **135,761** | 292,253 |
| **Total liabilities** | | **965,494** | 1,085,293 |
| **Net assets** | | **647,333** | 604,683 |
| | | | |
| **Equity** | | | |
| Contributed equity | | **1,270,908** | 1,271,493 |
| Hybrid equity | | **145,151** | 145,151 |
| Reserves | | **(33,543)** | (33,592) |
| Retained earnings | | **(743,218)** | (781,322) |
| **Total parent entity equity interest** | | **639,298** | 601,730 |
| | | | |
| Non-controlling interests | | **8,035** | 2,953 |
| **Total equity** | | **647,333** | 604,683 |

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE HALF YEAR ENDED 31 MARCH 2012

| | **6 months March 2012 $000** | 6 months March 2011 $000 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Receipts from customers | **3,193,620** | 3,368,122 |
| Payments to suppliers and employees | **(3,214,609)** | (3,413,221) |
| Dividends received | **3,791** | 7,753 |
| Interest received | **6,090** | 6,853 |
| Interest and other costs of finance paid | **(19,765)** | (22,865) |
| GST (paid)/refunded | **(7,412)** | 3,232 |
| Income taxes (paid)/refunded | **(1,602)** | 541 |
| Net operating cash flows | **(39,887)** | (49,585) |
| | | |
| **Cash flow from investing activities** | | |
| Payment for property, plant and equipment | **(1,730)** | (2,865) |
| Payment for intangibles | **(3,129)** | - |
| Payment for controlled entities, net of cash acquired | **748** | (29,295) |
| Payment for design and development capitalised | **(4,534)** | (2,393) |
| Proceeds from sale of non current assets held for sale | **22,094** | 907 |
| Proceeds from sale of equity accounted investments | **-** | 163,910 |
| Proceeds from sale of property, plant and equipment | **121** | 603 |
| Proceeds from sale of investment properties | **2,730** | 5,788 |
| Proceeds from sale of intangibles | **-** | 262 |
| Payment for acquisition of non-controlling interest | **(3,124)** | (8,662) |
| Loans to associated entities | **-** | (96) |
| Repayment of loans by associated entities | **-** | 5,129 |
| Loans repaid by growers | **180** | 3,377 |
| Net investing cash flows | **13,356** | 136,665 |
| | | |
| **Cash flow from financing activities** | | |
| Proceeds from sale of reserved shares | **31** | 407 |
| Proceeds from borrowings | **40,000** | 42,155 |
| Repayment of borrowings | **(30,990)** | (169,696) |
| Principal repayments of lease liabilities | **(158)** | (188) |
| Partnership profit distributions/dividends paid | **(1,452)** | (1,425) |
| Net financing cash flows | **7,431** | (128,747) |
| | | |
| Net increase/(decrease) in cash held | **(19,100)** | (41,667) |
| Cash at the beginning of the financial period | **81,614** | 79,985 |
| **Cash at the end of the financial period** | **62,514** | 38,318 |

The accompanying notes form an integral part of this consolidated statement of cash flows.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF YEAR ENDED 31 MARCH 2012

| $000 | Issued capital | Hybrid equity | Reserves | Retained earnings | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|
| **As at 1 October 2011** | **1,271,493** | **145,151** | **(33,592)** | **(781,322)** | **2,953** | **604,683** |
| Profit/(loss) for the period | **-** | **-** | **-** | **40,464** | **1,430** | **41,894** |
| **Other comprehensive income/(loss):** | | | | | | |
| Foreign currency translation | **-** | **-** | **(2,615)** | **-** | **(221)** | **(2,836)** |
| Net gains/(losses) on cash flow hedges | **-** | **-** | **(123)** | **-** | **-** | **(123)** |
| Income tax on items of other comprehensive income | **-** | **-** | **161** | **-** | **-** | **161** |
| **Total comprehensive income/(loss) for the period** | **-** | **-** | **(2,577)** | **40,464** | **1,209** | **39,096** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Tax effect on share issue costs | **(585)** | **-** | **-** | **-** | **-** | **(585)** |
| Proceeds from sale of reserved shares | **-** | **-** | **31** | **-** | **-** | **31** |
| Partnership profit distributions/dividends paid | **-** | **-** | **-** | **-** | **(1,452)** | **(1,452)** |
| Acquisition of non-controlling interest | **-** | **-** | **-** | **-** | **1,098** | **1,098** |
| Acquisition of subsidiary | **-** | **-** | **-** | **-** | **4,227** | **4,227** |
| Excess paid for purchase of non-controlling interest | **-** | **-** | **(1,077)** | **-** | **-** | **(1,077)** |
| Cost of share based payments | **-** | **-** | **1,312** | **-** | **-** | **1,312** |
| Reallocation of equity | **-** | **-** | **2,360** | **(2,360)** | **-** | **-** |
| **As at 31 March 2012** | **1,270,908** | **145,151** | **(33,543)** | **(743,218)** | **8,035** | **647,333** |
| | | | | | | |
| **As at 1 October 2010** | 1,273,863 | 145,151 | (35,668) | (380,577) | 3,324 | 1,006,093 |
| Profit/(loss) for the period | - | - | - | (14,572) | 2,918 | (11,654) |
| **Other comprehensive income/(loss):** | | | | | | |
| Foreign currency translation | - | - | (3,108) | - | (102) | (3,210) |
| Net gains/(losses) on cash flow hedges | - | - | (865) | - | - | (865) |
| Recognition of share of reserve for losses in associate | - | - | 1,239 | - | - | 1,239 |
| Income tax on items of other comprehensive income | - | - | 38 | - | - | 38 |
| **Total comprehensive income/(loss) for the period** | - | - | (2,696) | (14,572) | 2,816 | (14,452) |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Tax effect on share issue costs | (585) | - | - | - | - | (585) |
| Proceeds from sale of reserved shares | - | - | 407 | - | - | 407 |
| Partnership profit distributions/dividends paid | - | - | - | - | (1,425) | (1,425) |
| Acquisition of non-controlling interest | - | - | - | - | (1,023) | (1,023) |
| Excess paid for purchase of non-controlling interest | - | - | (10,022) | - | - | (10,022) |
| Cost of share based payments | - | - | 486 | - | - | 486 |
| Reallocation of equity | - | - | (7,402) | 7,402 | - | - |
| **As at 31 March 2011** | 1,273,278 | 145,151 | (54,895) | (387,747) | 3,692 | 979,479 |

The accompanying notes form an integral part of this consolidated statement of changes in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
# FOR THE HALF YEAR ENDED 31 MARCH 2012

## NOTE 1 CORPORATE INFORMATION

The consolidated financial report of Elders Limited for the half year ended 31 March 2012 was authorised for issue in accordance with a resolution of the Directors on 21 May 2012.

Elders Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report and note 12.

## NOTE 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### (a) Basis of preparation

The half year consolidated financial statements for the 6 months ended 31 March 2012 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 the Group's annual financial statements as at 30 September 2011.

### (b) Changes to the Group's accounting policies

The accounting policies adopted in preparation of the half year consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2011, except for the adoption of new standards and interpretations as of 1 October 2011 noted below, none of which had any impact on the financial position and performance of the Group:

- AASB 124 Related Party Transactions (Amendment)
- AASB 2010-5 Amendments to Australian Accounting Standards
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets.

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

## NOTE 3 SEASONALITY OF OPERATIONS

The Rural Services segment provides a range of agricultural products and services through a common distribution channel. Due to the seasonal nature of this segment, higher revenues and operating profits are usually expected in the second half of the year rather than the first six months.

## NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's financial report for the year ended 30 September 2011.

*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 goodwill and indefinite life intangibles*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. These include product and manufacturing 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 the Group's policy to conduct bi-annual internal reviews of asset values, which is used as a source of information to assess for any indicators of impairment.

*Classification of assets and liabilities as held for sale*

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

*Impairment of goodwill and intangibles with indefinite useful lives*

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired on a bi-annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which goodwill and intangibles with indefinite useful lives are allocated.

*Share based payment transactions*

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the Monte Carlo simulation model. The accounting estimates and assumptions relating to the equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

*Make good provision*

Provisions have been made for the present value of anticipated costs of future restoration of leased property. The provision includes the future cost estimates associated with the required restorations. The calculation of this provision requires assumptions, and in those assumptions there are uncertainties which may result in future actual expenditure differing from the amounts currently provided. The provisions are periodically reviewed and updated on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense and provision.

*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 the assets is assessed bi-annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE HALF YEAR ENDED 31 MARCH 2012

### NOTE 5 REVENUE AND EXPENSES

| | Note | **6 Months March 2012 $000** | 6 Months March 2011 $000 |
|---|---|---|---|
| **Sales revenue:** | | | |
| Sale of goods and biological assets | | **910,653** | 920,084 |
| Commission and other selling charges | | **103,726** | 111,170 |
| Other sales related income | | **14,807** | 15,072 |
| | | **1,029,186** | 1,046,326 |
| *Discontinued operations:* | 16 | **9,297** | 61,474 |
| | | **1,038,483** | 1,107,800 |
| **Expenses:** | | | |
| Distribution expenses | | **131,247** | 128,028 |
| Marketing expenses | | **4,682** | 3,722 |
| Occupancy expenses | | **18,034** | 18,033 |
| Administrative expenses | | **63,038** | 65,200 |
| Impairment of assets retained | | **-** | 1,500 |
| Refinancing, redundancy and other write offs | | **3,260** | 8,791 |
| Change in fair value of financial and other assets | | **1,265** | 1,124 |
| | | **221,526** | 226,398 |
| *Discontinued operations:* | 16 | **8,752** | 33,214 |
| | | **230,278** | 259,612 |
| **Profit/(loss) on sale of non current assets:** | | | |
| Property, plant and equipment | | **(105)** | (25) |
| Intangibles | | **-** | (602) |
| | | **(105)** | (627) |
| *Discontinued operations:* | 16 | **(832)** | 18,430 |
| | | **(937)** | 17,803 |
| **Specific expenses:** | | | |
| Depreciation and amortisation | | **12,884** | 14,478 |

## NOTE 6 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 the Group's effective income tax rate is as follows:

| | **6 months March 2012 $000** | 6 months March 2011 $000 |
|---|---|---|
| Accounting profit/(loss) before tax from: | | |
| - Continuing operations | **14,776** | (16,730) |
| - Discontinued operations | **(12,432)** | 3,003 |
| Total Accounting profit/(loss) before tax | **2,344** | (13,727) |
| Income tax expense/(benefit) at 30% (2011: 30%) | **703** | (4,118) |
| Adjustments in respect of current income tax of previous years | **(60,811)** | (1,580) |
| Share of associate (profits)/losses | **(951)** | 100 |
| Non assessable (profits)/losses | **496** | 6,749 |
| Non deductible other expenses | **103** | - |
| Impairment expense | **555** | 3,581 |
| Non assessable dividends | **-** | (2,265) |
| Losses available to offset against future taxable income | **5,017** | 2,238 |
| (Recognition)/derecognition of prior year tax losses | **18,000** | (10,000) |
| Other | **(2,662)** | 3,222 |
| **Income tax expense/(benefit) as reported in the statement of comprehensive income** | **(39,550)** | (2,073) |
| Aggregate Income tax expense/(benefit) is attributable to: | | |
| - Continuing Operations | **(39,550)** | (13,281) |
| - Discontinued Operations | **-** | 11,208 |
| | **(39,550)** | (2,073) |

As previously disclosed the Group has received amended income tax assessments from the Australian Taxation Office in connection with an alleged capital gain arising on the disposal of the Group's interest in its Building Products division in October 1997. The Group appealed the amended assessments increasing the capital gain, while also paying 50% of the tax, penalties and interest claimed by the ATO on a without prejudice basis. On 31 August 2010 the Federal Court upheld the Group's appeal against the amended assessments and on 19 March 2012 the Full Federal Court dismissed the appeal of the ATO against the first instance decision of the Federal Court. The effect of the Full Court judgement is that the objections of Elders against the amended taxation assessments have been upheld.

As a result of the Full Federal Court decision, the Group anticipates receipt of cash of $38.5m, comprising of a refund of pre-paid tax, penalties and interest of $27.6 million, and interest on that pre-payment currently estimated to be $10.9m. The Group has recognised a profit of $65.9 million after tax in relation to this matter, through the reversal of provisions and the reimbursements. These amounts do not include amounts arising through the awarding of costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE HALF YEAR ENDED 31 MARCH 2012

### NOTE 7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| Name of Investment | Ownership interest | | Consolidated entity investment | | Contribution to net profit/(loss) | |
|---|---|---|---|---|---|---|
| | | | | | **6 months** | 6 months |
| | **March 2012** | Sept 2011 | **March 2012** | Sept 2011 | **March 2012** | March 2011 |
| | **%** | % | **$000** | $000 | **$000** | $000 |
| Elders Toepfer Grain Pty Ltd | **-** | **-** | **-** | - | **-** | (6,555) |
| AWH Pty Ltd | **50** | 50 | **48,847** | 46,602 | **2,244** | 2,229 |
| Kilcoy Pastoral Company Limited | **20** | 20 | **4,459** | 3,935 | **523** | 755 |
| Elders Financial Planning Pty Ltd | **49** | 49 | **5,150** | 5,566 | **(417)** | 220 |
| Elders Insurance (Underwriting Agency) Pty Limited | **25** | 25 | **2,682** | 3,441 | **2,993** | 3,117 |
| Futuris Automotive Interiors (Anhui) Company Ltd (i) | **70** | 70 | **-** | 10,312 | **-** | (5) |
| Agricultural Land Trust | **49.7** | 49.7 | **16,274** | 17,053 | **(1,174)** | 612 |
| Other investments | | | **5,952** | 7,179 | **(474)** | 39 |
| | | | **83,364** | 94,088 | **3,695** | 412 |

| | | |
|---|---|---|
| Share of profit of associates and joint ventures is attributable to: | | |
| Continuing operations | **4,189** | 7,351 |
| Discontinued operations | **(494)** | (6,939) |
| | **3,695** | 412 |

(i) Previously Futuris Automotive Interiors (Anhui) Company Ltd was considered to be a jointly controlled entity due to the control provided in the shareholders' agreement to the minority parties. As at 1 October 2011, it was determined that the relationship between the Group and the minority shareholders had changed to an extent that it was appropriate to account for the investment as a controlled entity rather than as a jointly controlled entity. Refer to note 15 for further details.

### NOTE 8 INTEREST BEARING LOANS AND LIABILITIES

| | **March 2012 $000** | September 2011 $000 |
|---|---|---|
| **Current** | | |
| Secured loans | **216,531** | 56,218 |
| Trade receivables funding | **134,658** | 139,466 |
| Lease liabilities | **397** | 357 |
| | **351,586** | 196,041 |
| **Non current** | | |
| Secured loans | **82,026** | 228,912 |
| Unsecured loans | **1,841** | 1,828 |
| Lease liabilities | **463** | 283 |
| | **84,330** | 231,023 |
| **Total current and non current** | **435,916** | 427,064 |

## NOTE 9 RESERVES

*Reconciliation of carrying amounts at beginning and end of period:*

| 6 months ended March 2012 | Business combination reserve $000 | Employee equity benefits reserve $000 | Foreign currency translation reserve $000 | Net unrealised gains reserve $000 | Share of reserve for losses in associate $000 | Reserved shares reserve $000 | Total $000 |
|---|---|---|---|---|---|---|---|
| Carrying amount at beginning of period | **(15,092)** | **(3,081)** | **(12,256)** | **(169)** | **-** | **(2,994)** | **(33,592)** |
| Foreign currency translation | **-** | **-** | **(2,836)** | **-** | **-** | **-** | **(2,836)** |
| Non-controlling interest share of movement | **-** | **-** | **221** | **-** | **-** | **-** | **221** |
| Transfer to statement of comprehensive income | **-** | **-** | **-** | **(107)** | **-** | **-** | **(107)** |
| Net gains/losses in cash flow hedges | **-** | **-** | **-** | **(16)** | **-** | **-** | **(16)** |
| Income tax on items taken directly or transferred to equity | **-** | **-** | **(13)** | **174** | **-** | **-** | **161** |
| Sale of reserved shares | **-** | **-** | **-** | **-** | **-** | **31** | **31** |
| Excess paid for purchase of non-controlling interest | **(1,077)** | **-** | **-** | **-** | **-** | **-** | **(1,077)** |
| Cost of share based payments | **-** | **1,312** | **-** | **-** | **-** | **-** | **1,312** |
| Transfer to retained earnings | **-** | **(1,386)** | **-** | **-** | **-** | **3,746** | **2,360** |
| Transfers to reserved shares reserve | **-** | **1,352** | **-** | **-** | **-** | **(1,352)** | **-** |
| Carrying amount at end of period | **(16,169)** | **(1,803)** | **(14,884)** | **(118)** | **-** | **(569)** | **(33,543)** |
| **6 months ended March 2011** | | | | | | | |
| Carrying amount at beginning of period | (5,134) | (7,434) | (14,006) | (1,553) | 6,163 | (13,704) | (35,668) |
| Foreign currency translation | - | - | (3,210) | - | - | - | (3,210) |
| Non-controlling interest share of movement | - | - | 102 | - | - | - | 102 |
| Transfer to statement of comprehensive income | - | - | - | 1,553 | - | - | 1,553 |
| Net gains/losses in cash flow hedges | - | - | - | (2,418) | - | - | (2,418) |
| Recognition for share of reserve for losses in associate | - | - | - | - | 1,239 | - | 1,239 |
| Income tax on items taken directly or transferred to equity | - | - | 205 | (167) | - | - | 38 |
| Sale of reserved shares | - | - | - | - | - | 407 | 407 |
| Excess paid for purchase of non-controlling interest | (10,022) | - | - | - | - | - | (10,022) |
| Cost of share based payments | - | 486 | - | - | - | - | 486 |
| Transfer to retained earnings | - | - | - | - | (7,402) | - | (7,402) |
| Transfers to reserved shares reserve | - | 2,567 | - | - | - | (2,567) | - |
| Carrying amount at end of period | (15,156) | (4,381) | (16,909) | (2,585) | - | (15,864) | (54,895) |

## NOTE 10 DIVIDENDS

| | **6 months March 2012 $000** | 6 months March 2011 $000 |
|---|---|---|
| *Current year interim* | | |
| - No interim dividend will be paid (2011: Nil) | **-** | - |
| *Previous year final* | | |
| - No final dividend paid (2011: Nil) | **-** | - |
| | | |
| *Subsidiary equity dividends on ordinary shares:* | | |
| Dividends paid to external parties during the half year | **1,452** | 1,425 |

Elders financing package stipulates that the payment of ordinary dividends will be subject to the Company satisfying a Net Leverage Ratio of less than 3.5x at the last calculation date and satisfaction of an Elders approved dividend policy. No decision has been made in relation to the payment of dividends.

The financing package does not contain any express restrictions on the payment of distributions on hybrid securities. No distributions were declared or paid during the year.

## NOTE 11 CONTINGENT LIABILITIES

There have been no material changes to either expenditure commitments, or guarantees issued to third parties arising in the normal course of business, since 30 September 2011.

There are potential legal matters that occur in the ordinary course of business that are being considered by the Group's legal advisors. Based on the current information available, the following applies:

*Unquantifiable contingent liabilities*

- The Group has contingent obligations in respect of real property leases, which are let or sub-let by the group.
- Benefits are payable under service agreements with executive Directors and officers of the Group under certain circumstances such as termination or achievement of prescribed performance hurdles.
- The Group has provided a guarantee to a third party in relation to certain obligations of Caversham Property Developments Pty Limited, a former subsidiary of Elders Limited. The Directors are of the view that the Group's liability under the guarantee is unquantifiable and remote.
- There have been various legal claims lodged for damages resulting from the use of products or services of the Group for which no provision has been raised as it is not currently probable that these claims will succeed or it is not practical to estimate the potential effect of these claims. The Directors are of the view that none of these claims based on the net exposure are likely to be material.
- There have been a number of events that have in the past impacted the Group's forestry operations, such as a fungal disease outbreak and a cyclone. No claims for damages have been lodged as a result of these events, and Directors consider the prospect of such claims to be remote.

## NOTE 12 SEGMENT INFORMATION

*Identification of reportable segments*

The Group has identified its operating segments to be the four segments of Rural Services, Forestry, Automotive Components and Investment & Other. This is the basis on which internal reports are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis. The Group operates predominantly within Australia. All other geographical operations are not material to the financial statements.

*Type of product and service*

- Rural Services include the provision of a range of agricultural products and services through a common distribution channel.
- Forestry includes the Group's interests in forestry operations, which is presented as a discontinued operation.
- Automotive Components include the manufacturing and sales of automotive components of which the key components are seating, interior trim, and insulation packages.
- The Investment & Other segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities.

*Accounting policies and intersegment transactions*

The accounting policies used by the group 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.

| | Rural Services | Forestry | Automotive Compon-ents | Investment & Other | Total |
|---|---|---|---|---|---|
| **6 months March 2012** | **$000** | **$000** | **$000** | **$000** | **$000** |
| External sales | 860,507 | 9,297 | 168,679 | - | 1,038,483 |
| Other revenues | 7,385 | 550 | 10,142 | 329 | 18,406 |
| Share of profit of associates and joint ventures | 5,204 | - | (335) | (1,174) | 3,695 |
| Profit/(loss) on sale of non current assets | (112) | (825) | - | - | (937) |
| Interest revenue | 4,826 | 147 | 91 | 11,926 | 16,990 |
| Total revenue | 877,810 | 9,169 | 178,577 | 11,081 | 1,076,637 |
| | | | | | |
| Earnings before interest, tax, depreciation & amortisation | 22,857 | (12,055) | 13,107 | (5,511) | 18,398 |
| Depreciation & amortisation | (3,277) | - | (9,603) | (4) | (12,884) |
| Segment result | 19,580 | (12,055) | 3,504 | (5,515) | 5,514 |
| Corporate net interest expense | | | | | (3,170) |
| **Profit from ordinary activities before tax** | | | | | 2,344 |
| | | | | | |
| Segment result | 19,580 | (12,055) | 3,504 | (5,515) | 5,514 |
| Less discontinued operations results | (419) | (12,055) | - | - | (12,474) |
| Continuing profit/(loss) before net borrowing costs and tax expense | 19,999 | - | 3,504 | (5,515) | 17,988 |
| Corporate net interest expense | | | | | (3,212) |
| **Continuing profit/(loss) before tax expense** | | | | | 14,776 |
| | | | | | |
| Segment assets | 708,757 | 177,472 | 313,967 | 259,701 | 1,459,897 |
| Unallocated assets (including tax assets) | - | - | - | - | 152,930 |
| Total assets | 708,757 | 177,472 | 313,967 | 259,701 | 1,612,827 |
| Segment liabilities | 328,834 | 70,361 | 89,532 | 7,397 | 496,124 |
| Unallocated liabilities (including tax liabilities) | - | - | - | - | 469,370 |
| Total liabilities | 328,834 | 70,361 | 89,532 | 7,397 | 965,494 |
| **Net assets** | 379,923 | 107,111 | 224,435 | 252,304 | 647,333 |

## NOTE 12 SEGMENT INFORMATION

| | Rural Services | Forestry | Automotive Compon-ents | Investment & Other | Total |
|---|---|---|---|---|---|
| **6 months March 2011** | $000 | $000 | $000 | $000 | $000 |
| External sales | 932,267 | 32,819 | 142,714 | - | 1,107,800 |
| Other revenues | 7,784 | 5,277 | 7,394 | 1,468 | 21,923 |
| Share of profit of associate and joint ventures | (195) | - | (5) | 612 | 412 |
| Profit/(loss) on sale of non current assets | 17,135 | 763 | - | (95) | 17,803 |
| Interest revenue | 5,239 | 99 | 132 | 5,198 | 10,668 |
| Total revenue | 962,230 | 38,958 | 150,235 | 7,183 | 1,158,606 |
| Earnings before interest, tax, depreciation & amortisation | 27,350 | (4,019) | 13,700 | (8,367) | 28,664 |
| Depreciation & amortisation | (4,223) | (1,152) | (9,097) | (6) | (14,478) |
| Segment result | 23,127 | (5,171) | 4,603 | (8,373) | 14,186 |
| Corporate net interest expense | | | | | (27,913) |
| **Profit from ordinary activities before tax** | | | | | (13,727) |
| Segment result | 23,127 | (5,171) | 4,603 | (8,373) | 14,186 |
| Less discontinued operations results | 8,179 | (5,171) | - | - | 3,008 |
| Continuing profit/(loss) before net borrowing costs and tax expense | 14,948 | - | 4,603 | (8,373) | 11,178 |
| Corporate net interest expense | | | | | (27,908) |
| Continuing profit/(loss) before tax expense | | | | | (16,730) |
| **September 2011** | | | | | |
| Segment assets | 774,238 | 198,864 | 286,056 | 229,721 | 1,488,879 |
| Unallocated assets (including tax assets) | - | - | - | - | 201,097 |
| Total assets | 774,238 | 198,864 | 286,056 | 229,721 | 1,689,976 |
| Segment liabilities | 420,238 | 83,015 | 71,388 | 7,196 | 581,837 |
| Unallocated liabilities (including tax liabilities) | - | - | - | - | 503,456 |
| Total liabilities | 420,238 | 83,015 | 71,388 | 7,196 | 1,085,293 |
| **Net assets** | 354,000 | 115,849 | 214,668 | 222,525 | 604,683 |

## NOTE 13 SUPPLEMENTARY STATEMENT OF NET DEBT

This Supplementary Statement of Net Debt has been prepared to provide additional disclosure of segmental cash flows and the resultant impact on net debt for the period. This non-IFRS disclosure is provided as a supplementary disclosure to IFRS reporting of Consolidated Cash Flows that appears on page 3 of this document to provide illumination of cash performance of individual segments within the Consolidated Statement. The Directors consider this to be particularly useful given the diverse nature of the Company's operating segments. The Supplementary Statement of Net Debt should not be used as replacement for the Statement of Consolidated Cash Flows which appears in this report but should be read in conjunction with the Statement of Consolidated Cash Flows.

### (a) Statement of Net Debt

| 6 months March 2012 | Rural Services | Forestry | Automotive Compon-ents | Investment & Other | Total |
|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 |
| **Earnings before interest & tax** | 19,580 | (12,055) | 3,504 | (5,515) | 5,514 |
| Depreciation and amortisation | 3,277 | - | 9,603 | 4 | 12,884 |
| Share of associates and joint venture (profit) | (5,204) | - | 335 | 1,174 | (3,695) |
| Dividends received from associates | 3,750 | - | - | - | 3,750 |
| Fair value adjustments on financial assets | (5,353) | (72) | - | - | (5,425) |
| Other fair value adjustments | (791) | - | - | - | (791) |
| Impairment of assets | 684 | (690) | - | (395) | (401) |
| Movement in provision for: | | | | | |
| - doubtful debts | 466 | - | (250) | - | 216 |
| - employee entitlements | 7,837 | 416 | 5,714 | 133 | 14,100 |
| - other provisions | 2,157 | - | 296 | - | 2,453 |
| Other writedowns | 1,564 | - | (483) | - | 1,081 |
| Profit/(loss) on sale of non-current assets | 112 | 825 | - | - | 937 |
| Cost of share based payments | - | - | - | 1,312 | 1,312 |
| Interest received | 4,826 | 147 | 91 | 1,026 | 6,090 |
| Interest and other costs of finance paid | (1,046) | (105) | (77) | (18,537) | (19,765) |
| Tax (paid)/refund | (2,095) | - | - | 493 | (1,602) |
| Other non cash items | (1,007) | - | 1,090 | 454 | 537 |
| | 28,757 | (11,534) | 19,823 | (19,851) | 17,195 |
| Movement in working capital | (28,573) | (14,014) | (20,704) | 6,209 | (57,082) |
| **Operating cash flow** | 184 | (25,548) | (881) | (13,642) | (39,887) |
| Payment for property, plant and equipment | (1,409) | - | (321) | - | (1,730) |
| Payment for intangibles | (3,129) | - | - | - | (3,129) |
| Payment for controlled entities, net of cash acquired | (1,042) | - | 1,790 | - | 748 |
| Payment for design and development capitalised | - | - | (4,534) | - | (4,534) |
| Proceeds from sale of non current assets held for sale | - | 22,094 | - | - | 22,094 |
| Proceeds from sale of property, plant and equipment | 121 | - | - | - | 121 |
| Proceeds from sale of investment properties | 2,730 | - | - | - | 2,730 |
| Payment for acquisition of non-controlling interest | (3,124) | - | - | - | (3,124) |
| Loans repaid by growers | - | 180 | - | - | 180 |
| **Investing cash flow** | (5,853) | 22,274 | (3,065) | - | 13,356 |
| Proceeds from sale of reserved shares | - | - | - | 31 | 31 |
| Intercompany movement | (16,635) | 11,365 | 4,274 | 996 | - |
| Partnership profit distributions/dividends paid | (1,452) | - | - | - | (1,452) |
| **Other flows** | (18,087) | 11,365 | 4,274 | 1,027 | (1,421) |
| **Total Flows** | (23,756) | 8,091 | 328 | (12,615) | (27,952) |
| Opening net debt | | | | | (345,450) |
| Total flows | | | | | (27,952) |
| **Closing net debt** | | | | | (373,402) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE HALF YEAR ENDED 31 MARCH 2012

### NOTE 13 SUPPLEMENTARY STATEMENT OF NET DEBT

| 6 months March 2011 | Rural Services $000 | Forestry $000 | Automotive Compon-ents $000 | Investment & Other $000 | Total $000 |
|---|---|---|---|---|---|
| **Earnings before interest & tax** | 23,127 | (5,171) | 4,603 | (8,373) | 14,186 |
| Depreciation and amortisation | 4,223 | 1,152 | 9,097 | 6 | 14,478 |
| Share of associates and joint venture (profit) | 195 | - | 5 | (612) | (412) |
| Dividends received from associates | 929 | - | - | 233 | 1,162 |
| Fair value adjustments on financial assets | 1,124 | (72) | - | - | 1,052 |
| Other fair value adjustments | (877) | (4,717) | - | (2,493) | (8,087) |
| Impairment of assets | 11,043 | 9,370 | 93 | 1,565 | 22,071 |
| Movement in provision for: | | | | | |
| - doubtful debts | 1,767 | - | 38 | - | 1,805 |
| - employee entitlements | 2,334 | 293 | 3,039 | (476) | 5,190 |
| - other provisions | 1,132 | - | (771) | 90 | 451 |
| Other writedowns | 732 | - | (2,487) | - | (1,755) |
| Profit/(loss) on sale of non-current assets | (17,135) | (763) | - | 95 | (17,803) |
| Cost of share based payments | - | - | - | 486 | 486 |
| Interest received | 4,986 | 99 | 132 | 1,636 | 6,853 |
| Interest and other costs of finance paid | (5,820) | (108) | (2,162) | (14,775) | (22,865) |
| Tax (paid)/refund | 373 | - | 168 | - | 541 |
| Other non cash items | (5,893) | (15,275) | 1,016 | 1,281 | (18,871) |
| | 22,240 | (15,192) | 12,771 | (21,337) | (1,518) |
| Movement in working capital | (33,223) | 2,945 | (13,434) | (4,355) | (48,067) |
| **Operating cash flow** | (10,983) | (12,247) | (663) | (25,692) | (49,585) |
| | | | | | |
| Payments for property, plant and equipment | (2,674) | (61) | (130) | - | (2,865) |
| Purchase of controlled entity, net of cash acquired | (1,591) | - | - | (27,704) | (29,295) |
| Payment for design and development capitalised | - | - | (2,393) | - | (2,393) |
| Proceeds from sale of non current assets held for sale | - | 907 | - | - | 907 |
| Proceeds from sale of equity accounted investments | - | - | - | 163,910 | 163,910 |
| Proceeds from sale of property, plant and equipment | 525 | 26 | - | 52 | 603 |
| Proceeds from sale of investment property | 500 | 5,288 | - | - | 5,788 |
| Proceeds from sale of intangibles | 262 | - | - | - | 262 |
| Payment for acquisition of non-controlling interest | (8,662) | - | - | - | (8,662) |
| Loans to associated entities | - | - | - | (96) | (96) |
| Repayment of loans by associated entities | 5,129 | - | - | - | 5,129 |
| Loans to growers | - | 3,377 | - | - | 3,377 |
| **Investing cash flow** | (6,511) | 9,537 | (2,523) | 136,162 | 136,665 |
| | | | | | |
| Proceeds from sale of reserved shares | - | - | - | 407 | 407 |
| Intercompany movement | (35,324) | 8,700 | 13,830 | 12,794 | - |
| Partnership profit distributions | (1,425) | - | - | - | (1,425) |
| **Other flows** | (36,749) | 8,700 | 13,830 | 13,201 | (1,018) |
| **Total Flows** | (54,243) | 5,990 | 10,644 | 123,671 | 86,062 |
| | | | | | |
| Opening net debt | | | | | (435,173) |
| Total flows | | | | | 86,062 |
| Fair value adjustments to debt | | | | | (12,800) |
| **Closing net debt** | | | | | (361,911) |

## NOTE 13 SUPPLEMENTARY STATEMENT OF NET DEBT

**(b) Reconciliation of net debt balance to balance sheet**

| | **March 2012 $000** | March 2011 $000 |
|---|---|---|
| Cash and cash equivalents | **62,514** | 38,318 |
| Interest Bearing Loans and Borrowings | **(435,916)** | (386,817) |
| Derivatives on Interest Bearing Loans and Borrowings | **-** | (13,412) |
| | **(373,402)** | (361,911) |

## NOTE 14 EARNINGS PER SHARE

| | | |
|---|---|---|
| Weighted average number of ordinary shares ('000) used in calculating basic EPS | **448,598** | 448,598 |
| Dilutive share options ('000) | **698,144** | 335,879 |
| **Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)** | **1,146,742** | 784,477 |

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

*The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):*

| | | |
|---|---|---|
| **Reported operations** | | |
| *Basic* | | |
| **Net profit/(loss) attributable to members (after tax)** | **40,464** | (14,572) |
| *Dilutive* | | |
| **Net profit/(loss) attributable to members (after tax)** | **40,464** | (14,572) |
| *Reported operations earnings per share:* | | |
| Basic earnings per share (cents per share) | **9.0¢** | (3.3)¢ |
| Diluted earnings per share (cents per share) | **3.5¢** | (3.3)¢ |
| **Continuing operations** | | |
| *Basic* | | |
| Net profit/(loss) attributable to members (after tax) | **40,464** | (14,572) |
| Less: Net loss/(profit) of discontinued operations (net of tax) | **12,432** | 8,205 |
| **Net profit/(loss) of continuing operations (net of tax)** | **52,896** | (6,367) |
| *Dilutive* | | |
| **Net profit/(loss) of continuing operations (net of tax)** | **52,896** | (6,367) |
| *Continuing operations earnings per share:* | | |
| Basic earnings per share (cents per share) | **11.8¢** | (1.4)¢ |
| Diluted earnings per share (cents per share) | **4.6¢** | (1.4)¢ |
| **Discontinued operations** | | |
| **Net profit/(loss) of discontinued operations (net of tax)** | **(12,432)** | (8,205) |
| *Discontinued operations earnings per share:* | | |
| Basic earnings per share (cents per share) | **(2.8)¢** | (1.8)¢ |
| Diluted earnings per share (cents per share) | **(2.8)¢** | (1.8)¢ |

## NOTE 15 BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

The Group holds a 70% interest in Futuris Automotive Interiors (Anhui) Company Ltd, which in prior reporting periods was considered to be a jointly controlled entity due to the control provided in the shareholders' agreement to the minority parties. As at 1 October 2011 it was determined that the relationship between the Group and the minority shareholders had changed to an extent that it was appropriate to account for the investment as a controlled entity rather than as a jointly controlled entity. The provisional business combination resulted in the recognition of $0.4 million of goodwill.

| | Date Control Acquired | **March 2012 $000** |
|---|---|---|
| | 1 Oct 2011 | |
| Fair value of initial investment | | **10,312** |
| Non-controlling interest - share of fair value of net assets | | **4,227** |
| Total consideration | | **14,539** |
| Fair value of identifiable net assets acquired (see below) | | **14,090** |
| **Goodwill on acquisition** | | **449** |

*The aggregate amounts of assets and liabilities acquired by major class:*

| | Acquiree's carrying amount $000 | **Fair value $000** |
|---|---|---|
| Cash and cash equivalents | 1,790 | **1,790** |
| Trade and other receivables | 7,439 | **7,439** |
| Inventories | 1,376 | **1,376** |
| Property, plant and equipment | 6,734 | **6,734** |
| Intangibles | 938 | **938** |
| Other assets | 8,001 | **8,001** |
| Trade and other payables | (11,928) | **(11,928)** |
| Provisions | (260) | **(260)** |
| **Net identifiable assets acquired** | 14,090 | **14,090** |

The accounting for the Anhui business combination is provisional and formal valuations of all assets and liabilities have not been finalised. In accordance with AASB 3 Business Combinations it is intended that that valuations will be completed within 12 months of the acquisition date, with any adjustments to the provisional acquisition accounting being recorded retrospectively.

During the period there were no other material business combinations or disposals.

## NOTE 16 DISCONTINUED OPERATIONS

*Financial period 31 March 2012*

The Group's investment in Seed Technology and Marketing Pty Ltd ('Seedmark'), which forms part of the Rural Services segment, was classified as held for sale on 31 March 2012.

Additionally, during the second half of the 2011 financial year, results from the Group's Forestry division, the Torrens and the investment in Elders Toepfer Grain Pty Ltd ('ETG') were classified as discontinued. The Forestry division was classified as held for sale in this period and both the Torrens and ETG, which form part of the Rural Services segment, were disposed of.

As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations the 2011 comparative discontinued operations disclosed below have been re-presented to show the effects of these classifications.

*Financial period 31 March 2011*

Operations within Wool Processing, New Zealand Real Estate, and the Group's investments in Rural Bank Limited and ELF Pty Ltd (Hi-Fert), were classified as discontinued operations, or were disposed of during the period ended 31 March 2011 and reported as discontinued operations.

These items, with the exception of the Group's Investment in Rural Bank Limited and Hi-Fert, continue to be classified as discontinued operations in the current financial year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE HALF YEAR ENDED 31 MARCH 2012

### NOTE 16 DISCONTINUED OPERATIONS

| | **Cont** | **Disc** | **Total** | Cont | Disc | Total |
|---|---|---|---|---|---|---|
| | **6 months March 2012** | **6 months March 2012** | **6 months March 2012** | 6 Months March 2011 | 6 Months March 2011 | 6 Months March 2011 |
| | **$000** | **$000** | **$000** | $000 | $000 | $000 |
| Sales revenue | **1,029,186** | **9,297** | **1,038,483** | 1,046,326 | 61,474 | 1,107,800 |
| Cost of sales | **(811,576)** | **(12,279)** | **(823,855)** | (825,536) | (48,604) | (874,140) |
| Other revenues | **17,820** | **586** | **18,406** | 10,062 | 11,861 | 21,923 |
| Other expenses | **(221,526)** | **(8,752)** | **(230,278)** | (226,398) | (33,214) | (259,612) |
| Share of profit of associates and joint ventures | **4,189** | **(494)** | **3,695** | 7,351 | (6,939) | 412 |
| Profit/(loss) on sale of non current assets | **(105)** | **(832)** | **(937)** | (627) | 18,430 | 17,803 |
| Interest revenue | **16,843** | **147** | **16,990** | 10,565 | 103 | 10,668 |
| Finance costs | **(20,055)** | **(105)** | **(20,160)** | (38,473) | (108) | (38,581) |
| **Profit/(loss) before tax expense** | **14,776** | **(12,432)** | **2,344** | (16,730) | 3,003 | (13,727) |
| Income tax benefit/(expense) | **39,550** | **-** | **39,550** | 13,281 | (11,208) | 2,073 |
| **Net profit/(loss) for the period** | **54,326** | **(12,432)** | **41,894** | (3,449) | (8,205) | (11,654) |
| Net profit/(loss) attributable to non-controlling interest | **1,430** | **-** | **1,430** | 2,918 | - | 2,918 |
| **Net profit/(loss) attributable to members of the parent entity** | **52,896** | **(12,432)** | **40,464** | (6,367) | (8,205) | (14,572) |
| **Revenue and expenses** | | | | | | |
| *Sales revenue:* | | | | | | |
| Sale of goods and biological assets | **910,653** | **7,830** | **918,483** | 920,084 | 49,431 | 969,515 |
| Commission and other selling charges | **103,726** | **1,030** | **104,756** | 111,170 | 1,262 | 112,432 |
| Other sales related income | **14,807** | **437** | **15,244** | 15,072 | 10,781 | 25,853 |
| | **1,029,186** | **9,297** | **1,038,483** | 1,046,326 | 61,474 | 1,107,800 |
| *Other expenses:* | | | | | | |
| Distribution expenses | **131,247** | **(491)** | **130,756** | 128,028 | 2,970 | 130,998 |
| Marketing expenses | **4,682** | **171** | **4,853** | 3,722 | 308 | 4,030 |
| Occupancy expenses | **18,034** | **512** | **18,546** | 18,033 | 483 | 18,516 |
| Administrative expenses | **63,038** | **8,762** | **71,800** | 65,200 | 9,506 | 74,706 |
| Forestry fair value adjustments | **-** | **(690)** | **(690)** | - | 9,370 | 9,370 |
| Write down of assets to be divested or discontinued | **-** | **488** | **488** | - | 10,577 | 10,577 |
| Impairment of assets retained | **-** | **-** | **-** | 1,500 | - | 1,500 |
| Restructuring, redundancy and refinancing costs | **3,260** | **-** | **3,260** | 8,791 | - | 8,791 |
| Change in fair value of financial and other assets | **1,265** | **-** | **1,265** | 1,124 | - | 1,124 |
| | **221,526** | **8,752** | **230,278** | 226,398 | 33,214 | 259,612 |
| *Profit/(loss) on sale of non current assets:* | | | | | | |
| Non current assets held for sale | **-** | **(825)** | **(825)** | - | 591 | 591 |
| Equity accounted investments | **-** | **-** | **-** | - | 17,667 | 17,667 |
| Property, plant and equipment | **(105)** | **(7)** | **(112)** | (25) | 4 | (21) |
| Investment property | **-** | **-** | **-** | - | 168 | 168 |
| Intangibles | **-** | **-** | **-** | (602) | - | (602) |
| | **(105)** | **(832)** | **(937)** | (627) | 18,430 | 17,803 |

## NOTE 16 DISCONTINUED OPERATIONS

### (a) Assets and liabilities – held for sale operations

| | **March 2012 $000** | September 2011 $000 |
|---|---|---|
| Forestry assets (i) | | |
| Receivables | **44,506** | 44,031 |
| Investments in associates and joint ventures | **1,726** | 1,726 |
| Property, plant and equipment | **20,025** | 21,030 |
| Investment property | **92,784** | 114,561 |
| | **159,041** | 181,348 |
| Other (ii) | **6,845** | 4,511 |
| **Fair value less costs to sell at the end of the period** | **165,886** | 185,859 |

### (i) Forestry assets

As announced by the Company on 3 October 2011, the Board of Directors have resolved that all operations of the Group's Forestry division would be held for sale, effective 30 September 2011. It is considered that shareholder value is better served by withdrawal from the Forestry sector to release and redirect capital to debt reduction and reinvestment in other operations.

The Forestry division comprises a number of separate disposal groups. The disposal groups are Pulpwood, Sandalwood, Red Mahogany, Teak, Central Queensland land, the investment in Smartfibre and the Grower loan book. The major classes of assets within the disposal groups are receivables, accrued income, investment properties and property, plant and equipment. There may be factors beyond the Group's control that impact the timing of the ultimate sale of these disposal groups however at present it is expected all disposal groups will be sold within twelve months.

Liabilities have also been recognised as a result of classifying the Forestry division as held for sale. Where it is expected that these liabilities will be settled and not sold to third parties they have been treated as part of continuing operations as they do not meet the accounting standard requirements of held for sale.

All disposal groups are reported in the Forestry segment as detailed in Note 12 of the financial report.

During the 6 months ended 31 March 2012, fair value reversals of $0.7m have been recognised to revalue these assets to the lower of their carrying value or fair value less costs to sell.

In addition, no further provisions for onerous leases and other obligations have been raised during the period.

### (ii) Other assets

The Group's investments in Seedmark and Seafood Delicacies Ltd are held for sale and have been classified in the statement of financial position as 'Non current assets held for sale' totalling $6.8 million.

## NOTE 17 SUBSEQUENT EVENTS

On the 18 May 2012, the Group, in anticipation of cash inflows, including amounts from settlement of a tax case, have provided an additional commitment to its banking syndicate to repay $8.5 million of term debt by 31 August 2012. This amount is classified as non current secured loans in note 8.

There is no other matter or circumstance that has arisen since 31 March 2012 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 the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Elders Limited, I state that:

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 2012 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 C Ballard
Chairman

R H Wylie
Director

Adelaide
21 May 2012

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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, which comprises the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the 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 controls as the directors determine are 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 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 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 2012 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 and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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:

a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2012 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Mark Phelps
Partner
Adelaide
21 May 2012

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## Auditor's Independence Declaration to the Directors of Elders Limited

In relation to our review of the financial report of Elders Limited for the half-year ended 31 March 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Phelps
Partner
Adelaide
21 May 2012