



Monday, 14 May 2018

Appendix 4D and Financial Statements for the Financial Period Ended 31 March 2018

Elders Limited (ASX: ELD) today reports its results for the half-year ended 31 March 2018.

Attached is the Appendix 4D (Results for announcement to the market), and Financial Statements for the 6 month financial period ended 31 March 2018.

Peter Hastings
Company Secretary



Elders Limited
ABN 34 004 336 636

**HALF YEAR REPORT
APPENDIX 4D**

31 MARCH 2018

ELDERS LIMITED
APPENDIX 4D (RULE 4.2)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 MARCH 2018

Attached is the final report for the half year ended 31 March 2018. The consolidated profit after tax attributable to parent entity shareholders was \$41.4 million (2017: \$38.3 million).

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 March 2018 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 2017 and considered together with any public announcements made by Elders Limited during the half year ended 31 March 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

	Result			6 months March 2018 \$000
Revenue from continuing operations	up	2%	to	749,728
Profit from continuing operations after tax for the year attributable to members	up	20%	to	46,218
Profit from discontinued operations after tax for the year attributable to members		n/m*		(4,815)
Profit after tax for the year attributable to members	up	8%	to	41,403

* percentage movement in result not meaningful

Dividends

	Amount per security	Franked amount per security
Interim dividend	9 cents	9 cents
Previous corresponding period	Nil	n/a

Net tangible assets

	March 2018 \$	March 2017 \$
Net tangible asset backing per ordinary security (115,735,350 ordinary shares)	1.12	0.90

ELDERS LIMITED

DIRECTORS' REPORT

The Board of Directors of Elders Limited submits its report in respect of the half year ended 31 March 2018.

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
D Eilert (appointed 14 November 2017)
J A Jackson (retired 14 December 2017)
I Wilton

OPERATING AND FINANCIAL REVIEW

Elders is focused on creating value for all of its stakeholders in Australia and internationally. We achieve this through approximately 2,000 employees across Australia, China and Indonesia. Our people use their expertise and knowledge to provide the inputs, advice, marketing options and trading platforms that help primary producers maximise their businesses.

In Australia, Elders works closely with primary producers to provide products, marketing options and specialist technical advice across retail, agency and financial product and service categories. Elders is also a leading Australian rural and residential property agency and management network. This network includes both company owned and franchise offices operating throughout Australia in both major population centres and regional areas. Our feed and processing business operates a top-tier beef cattle feedlot in New South Wales and a premium meat distribution model in China and Indonesia.

Elders is an important part of the Australian rural landscape drawing on its proud history of service and innovation in its quest to assist Australia's primary producers to be the most productive in the world.

Financial Review

Profit and Loss

Profit: Reported and Underlying

Profit: Reported and Underlying			
<i>\$million</i>	1H FY18	1H FY17	Change
Sales	749.7	734.5	15.2
Australian Network	61.3	55.6	5.7
Feed and Processing Services	3.0	3.3	(0.3)
Corporate Services and Unallocated Costs	(18.6)	(17.4)	(1.2)
Underlying EBIT	45.7	41.5	4.2
Finance Costs	(3.5)	(3.4)	(0.0)
Underlying profit before tax	42.3	38.1	4.1
Tax	(1.3)	(1.6)	0.3
Non-Controlling Interests	(1.3)	(1.3)	0.0
Underlying profit to shareholders	39.7	35.2	4.5
Items excluded from underlying profit	1.7	3.0	(1.4)
Reported profit after tax to shareholders	41.4	38.3	3.1
Underlying EBITDA	47.8	43.3	4.5

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.

ELDERS LIMITED DIRECTORS' REPORT

Items excluded from underlying profit are:

Items excluded from underlying profit		
\$million	1H FY18	Commentary
Indonesia feedlot and abattoir operations	(4.8)	Operating losses and fair value adjustment related to disposal
Tax asset adjustment	6.5	Recognition of tax losses based on profitability forecasts
Items excluded from underlying profit	1.7	

Key movements in profit by product resulted from:

- Retail upside driven by a combination of organic growth across southern Australia and acquisition growth in horticulture
- Agency uplift due to strong wool performance and additional sheep volumes from acquisitions, offset by declining cattle prices and volumes
- Real Estate increase due to acquisitions, offset by decline in farm land property turnover
- Financial Services boosted by acquisitions and increased productivity across the portfolio
- Feed and Processing Services downside attributable to higher input costs at the Killara feedlot
- Costs increased to drive Eight Point Plan initiatives, including acquisitions and organic footprint growth
- Lower tax due to normalisation of performance in Australian partnerships

Chart 1 – Underlying performance by product (\$million)

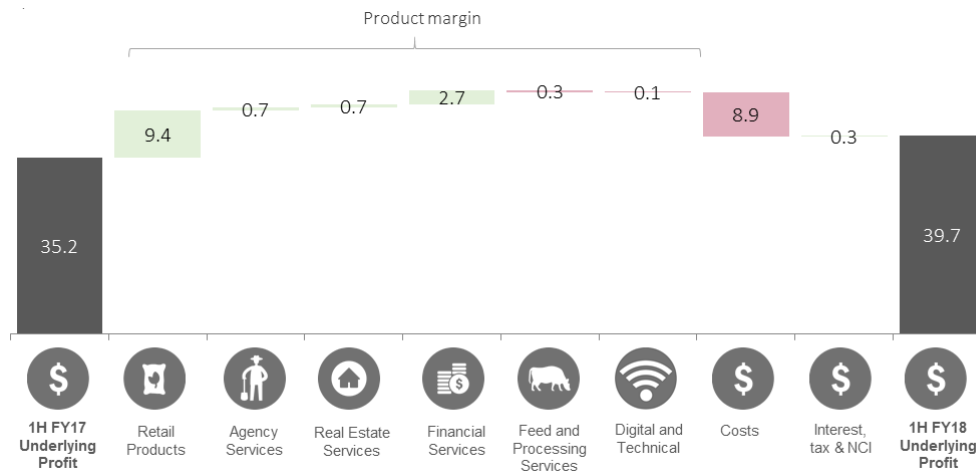


Chart 2 – Underlying EBIT by product (\$million)



ELDERS LIMITED DIRECTORS' REPORT

Key movements in profit by geography resulted from:

- Unfavourable conditions in Northern Australia impacting Livestock and Real Estate margin, offset by the Ace Ohlsson acquisition
- Southern Australia outperformed last year across most products, especially Retail, and additional earnings through bolt-on acquisition in western Victoria
- Western Australia improvement driven by Retail, offset by easing Livestock and Real Estate earnings
- High input costs continue to impact the International margins
- Corporate and unallocated costs increased due to investment in Eight Point Plan initiatives
- Lower tax due to normalisation of performance in Australian partnerships

Chart 3 – Underlying performance by geography (\$million)

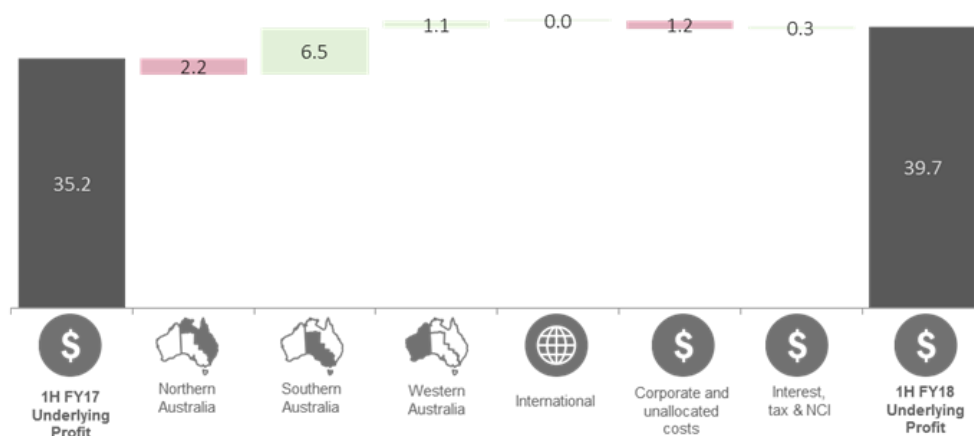
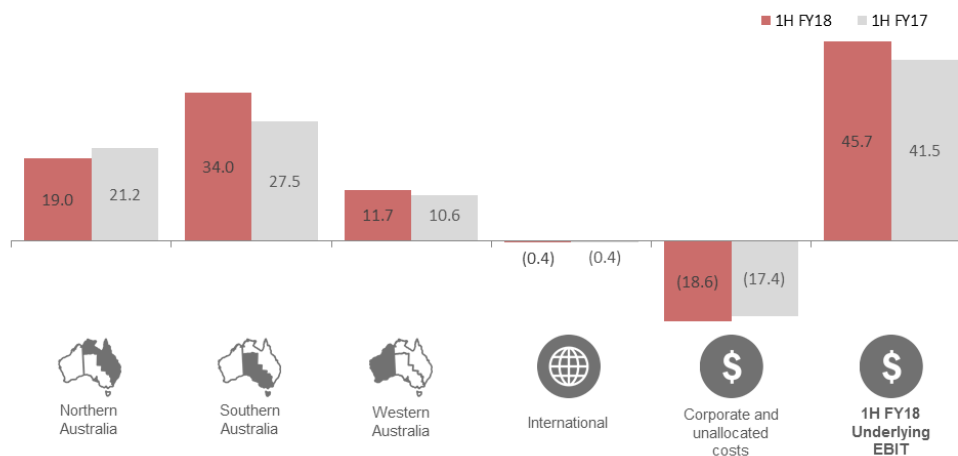











Chart 4 – Underlying EBIT by geography (\$million)



ELDERS LIMITED DIRECTORS' REPORT

Balance Sheet

Balance Sheet: key items			
<i>\$million as at end:</i>	1H FY18	1H FY17	Change
Inventory	161.4	146.5	14.9
Livestock	40.4	45.9	(5.5)
Trade and other receivables	417.8	391.9	25.9
Trade and other payables	(442.5)	(352.7)	(89.8)
Working Capital	177.1	231.6	(54.5)
Property, plant and equipment	30.0	30.3	(0.3)
Investments	55.9	54.8	1.1
Intangibles	89.3	10.3	79.0
Provisions	(40.5)	(42.1)	1.6
Capital (net operating assets)	311.8	284.9	26.9
Borrowings: working capital and other facilities	(159.1)	(172.2)	13.1
Cash and cash equivalents	67.2	1.8	65.4
Net debt	(91.9)	(170.4)	78.6
Tax assets	66.3	64.6	1.7
Shareholders' equity	286.2	179.0	107.2
Underlying return on capital	28.2%	31.8%	(3.6%)

Working capital			
<i>\$million</i>	1H FY18	1H FY17	Change
Retail Products	138.1	134.9	 3.3
Agency Services	20.8	62.1	 (41.2)
Real Estate Services	0.8	2.2	 (1.3)
Financial Services	9.5	5.6	 3.9
Feed and Processing Services	48.3	54.8	 (6.5)
Live Export Services	0.0	8.1	 (8.1)
Other	(40.5)	(36.0)	 (4.5)
Working capital (balance date)	177.1	231.6	 (54.5)
Working capital (average)	227.1	235.5	 (8.4)

Capital (net operating assets)

Capital as at March 2018 was \$26.9 million (9%) higher than March 2017. Higher capital balances resulted from:

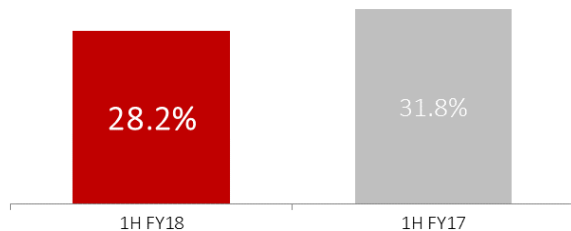
- Stable working capital utilisation in Retail notwithstanding higher activity and acquisition related increases
- Variability of Livestock activity leading up to balance date
- Investment in Financial Services through provision of shareholder funding to StockCo
- Lower Live Export balances post exit
- Increased Intangibles associated with acquisitions and reversals of previously impaired brand name

Working capital decreased by \$54.5 million to \$177.1 million as at March 2018. Average working capital deployed during 1H FY18 was \$227.1 million compared to \$235.5 million in 1H FY17.

ELDERS LIMITED DIRECTORS' REPORT

Return on capital

Chart 5 – Underlying return on capital

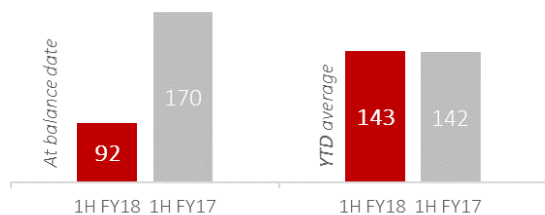


Elders' underlying return on capital at March 2018 was 28.2% which is above the targeted 20% benchmark, but lower compared to 31.8% at March 2017:

- Continued investments in aligned financial services providers, which deliver a lower risk earnings profile, lowering overall return on capital
- Continued strong Agency earnings particularly Livestock, which require minimal working capital
- Stable Retail earnings and capital mix

Net debt

Chart 6 – Net debt



Net Debt				
Key ratios	1H FY18	1H FY17		Change
Leverage (average net debt to EBITDA)	1.8	1.9	↓	(0.1)
Interest cover (EBITDA to net interest)	11.0	8.4	↑	2.6
Gearing (average net debt to closing equity)	50%	79%	↓	(30%)

Average net debt over the two periods were consistent with strong EBITDA cash conversion, offset by investing cash flows and distribution of dividends to shareholders.

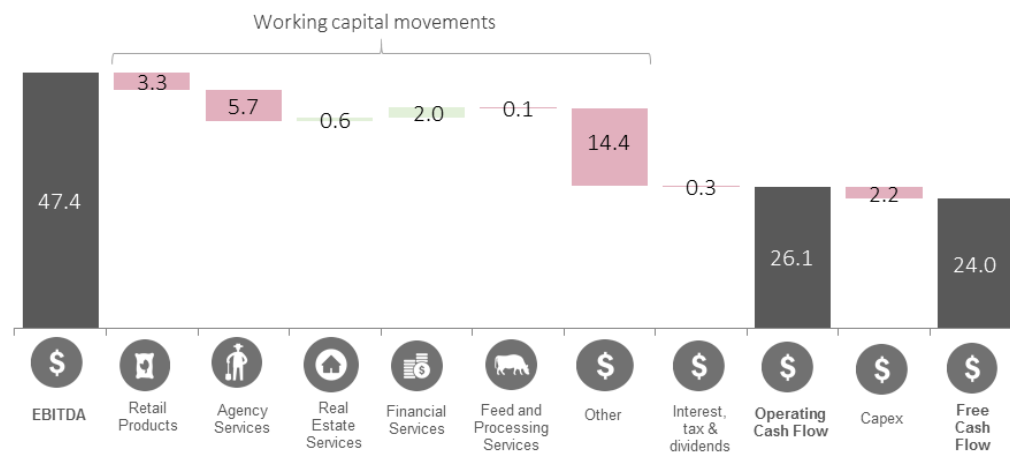
Net debt at balance date was lower than average, which reflected variability of Livestock activity leading up to balance date. Improvement was achieved in all key ratios.

ELDERS LIMITED DIRECTORS' REPORT

Cash Flow

Cash flow			
\$million	1H FY18	1H FY17	Change
Operating cash flow	26.1	(5.3)	31.5
Investing cash flow	(6.8)	(30.8)	24.0
Financing cash flow	12.7	2.8	9.9
Total cash flow	32.1	(33.3)	65.4

Chart 7 – Cash flow (\$million)



Operating cash flow							
\$million	Retail Products	Agency Services	Real Estate	Financial Services	Feed & Process	Other	Total
EBITDA adjusted	24.6	21.4	6.6	7.0	2.6	(14.8)	47.4
Movements in assets and liabilities	(3.3)	(5.7)	0.6	2.0	(0.1)	(14.4)	(20.9)
Interest, tax and dividends						(0.3)	(0.3)
Operating cash flow	21.4	15.6	7.2	9.0	2.5	(29.5)	26.1

Operating cash flow of \$26.1 million reflected:

- Strong EBITDA cash conversion
- Variability of Livestock activity leading up to balance date
- Other outflow represents long and short term incentive payments associated with the financial year 2017 outperformance

Investing outflow of \$6.8 million included acquisitions of:

- 100% acquisition of Kerr & Co
- 20% of Clear Grain Exchange (CGX)

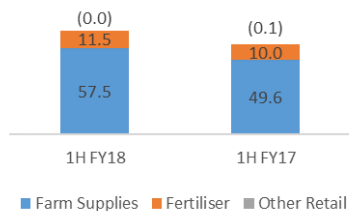
Financing inflow of \$12.7 million as a result of increases in trade receivables funding, offset by dividends distributed to shareholders.

ELDERS LIMITED DIRECTORS' REPORT

Review of Operations

Retail Products

Gross Margin (\$m)

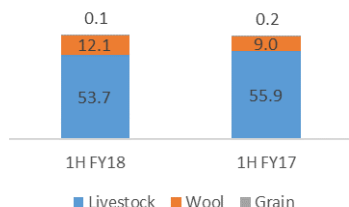


Retail improved \$9.4 million (16%) on last year. Organic growth, coupled with normalised conditions across the southern regions generated strong demand for crop protection and fertiliser.

Geographical expansion through the acquisition of horticultural specialist Ace Ohlsson during the second half of last year further improved margin.

Agency Services

Gross Margin (\$m) ¹

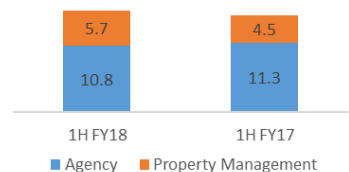


Agency improved \$0.7 million (0.9%) on last year. Livestock was adversely impacted by declining cattle prices and volumes, 13% and 5% declines respectively, mainly in Northern and Western Australia. This was partially offset by higher sheep margins, driven by relatively steady sheep prices and increased volume which was boosted by the acquisition of the Kerr & Co livestock agency business in western Victoria in December 2017.

Wool increased as a result of strong wool market prices, in addition to improved volume.

Real Estate Services

Gross Margin (\$m)

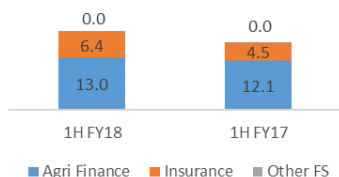


Real Estate improved \$0.7 million (4%) on last year.

Residential and property management margins in Western Australia have exceeded last year due to acquisitions. This has been offset by easing supply of large cattle farming and cropping properties, particularly in Northern Australia.

Financial Services

Gross Margin (\$m) ¹

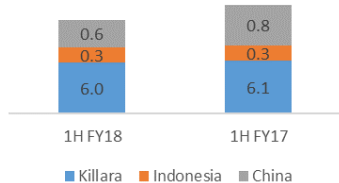


Financial Services benefitted from growth in lending products, with the Rural Bank and StockCo loan books growing \$175 million (7%) and \$19 million (29%) respectively on last year.

Insurance improved \$1.9m due to Elders' additional equity interest in Elders Insurance, combined with improved performance in gross written premium which increased by \$14 million (4%) on last year.

Feed and Processing Services

Gross Margin (\$m)



Killara has declined by \$0.1 million (1%) on last year.

The Indonesian retail business was consistent across both periods, while the China business experienced margin pressures and supplier disruption, which drove the \$0.2 million (25%) decline in margin.

¹ includes equity earnings from investments

ELDERS LIMITED

DIRECTORS' REPORT

Outlook

The future financial performance of Elders will, as always, be subject to the influence of seasonal, market and international trade relation factors that affect the Australian farm sector. At the date of this report, the following conditions are forecast:

Retail Products

- Winter cropping conditions are expected to be average with limited rainfall during April and May across most of Australia. This is anticipated to inhibit grower demand for cropping inputs in the second half.
- Full year impact of acquisitions completed last year will deliver further benefits during FY18
- During April 2018, Elders announced the acquisition of Titan Ag, an agricultural chemical supplier, which is expected to increase Retail earnings in the second half

Agency Services

- Cattle prices to continue easing in the second half with limited rainfall across many cattle regions during April and May inhibiting herd rebuild
- Sheep prices are expected to remain steady supported by international demand
- Wool is anticipated to maintain growth with a solid pipeline of wool in store, continued strong wool prices and slow supply growth

Real Estate Services

- Supply of farmland property will continue to be subdued in line with the decline in livestock prices

Financial Services

- Continued momentum and growth is likely from the banking and livestock funding products

Feed and Processing

- Continued dry conditions will allow feedlot utilisation to remain at high levels, but will also increase feed costs at the Killara feedlot

Costs and Capital

- Costs are expected to continue to increase in the second half in line with footprint growth and continued Eight Point Plan investment
- The contracted divestment of the Indonesian feedlot and abattoir assets will allow \$13 million of capital to be deployed elsewhere in the business

ELDERS LIMITED DIRECTORS' REPORT

ROUNDING OF AMOUNTS

The financial report is presented in Australian dollars and under the ASIC Corporations (Rounding in Financial/Director's 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 25 – "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
14 May 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2018**

		6 months March 2018 \$000	6 months March 2017 \$000
Continuing operations			
Sales revenue	4	749,728	734,529
Cost of sales		(576,249)	(571,692)
Gross profit from continuing operations		173,479	162,837
Equity accounted profits		4,357	1,925
Distribution expenses		(113,260)	(105,497)
Administrative expenses		(18,848)	(17,720)
Finance costs		(3,464)	(3,415)
Other items of income		-	2,270
Profit from continuing operations before income tax expense		42,264	40,400
Income tax benefit/(expense)	5	5,238	(455)
Profit from continuing operations after income tax expense		47,502	39,945
Net loss of discontinued operations, net of tax	12	(4,815)	(345)
Net profit for the period		42,687	39,600
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		12	(60)
Other comprehensive profit/(losses) for the period, net of tax		12	(60)
Total comprehensive income for the period		42,699	39,540
Profit for the period is attributable to:			
Non-controlling interest		1,284	1,309
Owners of the parent		41,403	38,291
		42,687	39,600
Total comprehensive income for the period is attributable to:			
Non-controlling interest		1,284	1,309
Owners of the parent		41,415	38,231
		42,699	39,540
Reported operations			
Basic earnings per share (cents per share)	10	35.9¢	33.6¢
Diluted earnings per share (cents per share)	10	34.6¢	32.6¢
Continuing operations			
Basic earnings per share (cents per share)	10	40.1¢	33.9¢
Diluted earnings per share (cents per share)	10	38.7¢	32.9¢
Discontinued operations			
Basic earnings per share (cents per share)	10	(4.2)¢	(0.3)¢
Diluted earnings per share (cents per share)	10	(4.2)¢	(0.3)¢

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	March 2018	September 2017
Note	\$000	\$000
Current assets		
Cash and cash equivalents	67,242	35,186
Trade and other receivables	417,812	385,641
Livestock	40,359	44,616
Inventory	161,432	111,101
Assets classified as held for sale	12 3,610	-
Current tax receivable	548	-
Total current assets	691,003	576,544
Non current assets		
Other financial assets	1,269	1,269
Equity accounted investments	54,653	53,842
Property, plant and equipment	26,363	29,885
Intangibles	89,298	81,230
Deferred tax assets	65,790	59,382
Total non current assets	237,373	225,608
Total assets	928,376	802,152
Current liabilities		
Trade and other payables	434,513	355,539
Interest bearing loans and borrowings	159,102	130,482
Current tax payable	-	109
Provisions	35,647	49,077
Total current liabilities	629,262	535,207
Non current liabilities		
Other payables	7,976	5,343
Provisions	4,893	3,924
Total non current liabilities	12,869	9,267
Total liabilities	642,131	544,474
Net assets	286,245	257,678
Equity		
Contributed equity	1,426,095	1,422,255
Reserves	6 (27,270)	(27,596)
Retained earnings	(1,113,776)	(1,139,118)
Total parent entity equity interest	285,049	255,541
Non-controlling interests	1,196	2,137
Total equity	286,245	257,678

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2018**

	6 months March 2018 \$000	6 months March 2017 \$000
Cash flow from operating activities		
Receipts from customers	3,540,082	3,617,708
Payments to suppliers and employees	(3,513,144)	(3,619,754)
Dividends received	4,196	2,415
Interest and other costs of finance paid	(3,075)	(3,549)
Income taxes paid	(1,913)	(2,132)
Net operating cash flows	26,146	(5,312)
Cash flow from investing activities		
Payment for property, plant and equipment	(2,188)	(1,849)
Payment for equity accounted investments	(650)	(30,306)
Payment for acquisition through business combinations	(4,000)	-
Proceeds from sale of property, plant and equipment	2	17
Proceeds from sale of plantations	-	1,300
Net investing cash flows	(6,836)	(30,838)
Cash flow from financing activities		
Proceeds from issue of shares	2,651	-
Purchase of shares for incentive schemes	-	(127)
Dividends paid	(16,143)	-
Proceeds from borrowings	28,463	50,944
Hybrid equity distributions	-	(3,557)
Hybrid equity repurchased	-	(41,942)
Partnership profit distributions/dividends paid	(2,225)	(2,512)
Net financing cash flows	12,746	2,806
Net increase/(decrease) in cash held	32,056	(33,344)
Cash at the beginning of the financial period	35,186	35,151
Cash at the end of the financial period	67,242	1,807

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2018**

\$000	Contributed equity	Hybrid equity	Reserves	Retained earnings/ (losses)	Non- controlling interest	Total equity
As at 1 October 2017	1,422,255	-	(27,596)	(1,139,118)	2,137	257,678
Profit for the period	-	-	-	41,403	1,284	42,687
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	12	-	-	12
Total comprehensive income for the period	-	-	12	41,403	1,284	42,699
Transactions with owners in their capacity as owners:						
Issued capital	2,651	-	-	-	-	2,651
Dividends paid	-	-	-	(16,143)	-	(16,143)
Dividend reinvestment plan	1,189	-	-	(1,189)	-	-
Partnership profit distributions/dividends paid	-	-	-	-	(2,225)	(2,225)
Cost of share based payments	-	-	1,585	-	-	1,585
Reallocation of equity	-	-	(1,271)	1,271	-	-
As at 31 March 2018	1,426,095	-	(27,270)	(1,113,776)	1,196	286,245
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2018

NOTE 1 CORPORATE INFORMATION

The consolidated financial report of Elders Limited for the half year ended 31 March 2018 was authorised for issue in accordance with a resolution of the Directors on 14 May 2018. 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 9. 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 2018 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 2017.

(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 2017, except for the adoption of new standards and interpretations as of 1 October 2017, none of which had any significant impact on the financial position and performance of Elders.

A number of new standards and amendments to standards are effective for future reporting periods. Elders has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In regard to AASB 15 Revenue from Contracts with Customers (which is effective for Elders beginning 1 October 2018), Elders has completed an assessment on the potential impact of the adoption of AASB 15 on the consolidated financial statements. This has included reviewing significant revenue streams and significant sales contract terms. Elders has assessed that adoption of this standard is expected to have no significant impact.

In regard to AASB 9 Financial Instruments (which is effective for Elders beginning 1 October 2018), the actual impact of adopting this standard cannot be reliably estimated because it is dependent on the financial instruments Elders holds and economic conditions at that time.

In regard to AASB 16 Leases (which is effective for Elders beginning 1 October 2019), Elders has commenced an initial assessment of the potential impact on its reported assets and liabilities on adoption of AASB 16. So far the most significant impact identified is that Elders will recognise new assets and liabilities for its operating leases related to property and vehicles. In addition, the nature of expenses related to these leases will change as AASB 16 replaces the straight line operating lease expense with a depreciation charge for right to use assets and an interest expense on lease liabilities. Elders has not yet determined the financial impact on adoption, or which transition approach to employ. Details of the group's operating leases are disclosed in the 2017 annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2018

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 names 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 names 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 names and goodwill are impaired or whether it is appropriate to reverse any previous impairments 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 names or goodwill is allocated.

Accounting for rebates

Elders receives rebates associated with the purchase of retail goods from suppliers. These vary in nature and include price and volume rebates. Rebates, in line with the relevant contractual arrangements, are recognised as a reduction to cost of sales when the sale of the particular product occurs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2018**

NOTE 4 REVENUE AND EXPENSES

	6 Months March 2018 \$000	6 Months March 2017 \$000
Sales revenue		
Sale of goods and biological assets	596,650	539,857
Debtor interest associated with sales	2,736	2,902
Commission revenue	150,342	191,770
	749,728	734,529
<i>Discontinued operations</i>	7,609	84,450
	757,337	818,979
Depreciation and amortisation	(2,993)	(1,907)

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 2018 \$000	6 months March 2017 \$000
Accounting profit/(loss) before tax from:		
- Continuing operations	42,264	40,400
- Discontinued operations	(4,821)	(252)
Total accounting profit before tax	37,443	40,148
Income tax expense at 30% (2017: 30%)	(11,233)	(12,044)
Adjustments in respect of current income tax of previous years	52	74
Share of equity accounted profits	1,307	578
Non assessable profits	-	734
Non deductible other expenses	(1,536)	(1,123)
Recognition of previously unrecognised tax losses	16,794	10,720
Other	(140)	514
Income tax benefit/(expense) as reported in the statement of comprehensive income	5,244	(548)
Aggregate income tax benefit/(expense) is attributable to:		
- Continuing operations	5,238	(455)
- Discontinued operations	6	(93)
	5,244	(548)

Tax losses

Elders has tax losses for which no deferred tax asset is recognised in the Statement of Financial Position of \$152.2 million (September 2017: \$170.8 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2018

NOTE 6 RESERVES

Reconciliation of carrying amounts at beginning and end of period:

	Business combination reserve \$000	Employee equity benefits reserve \$000	Foreign currency translation reserve \$000	Total \$000
As at 1 October 2017	(25,945)	3,916	(5,567)	(27,596)
Exchange differences on translation of foreign operations	-	-	12	12
Cost of share based payments	-	1,585	-	1,585
Reallocation of equity	-	(1,271)	-	(1,271)
As at 31 March 2018	(25,945)	4,230	(5,555)	(27,270)
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)

NOTE 7 DIVIDENDS

On 15 December 2017, Elders paid a fully franked dividend of 7.5 cents per share, and a fully franked special dividend of 7.5 cents per share. These distributions totalled \$17.3 million (2017: Nil). The cash outflow was \$16.1 million, with the difference reinvested by shareholders.

NOTE 8 CONTINGENT LIABILITIES

There are no additional contingent liabilities other than that disclosed in note 23 of the September 2017 financial statements.

NOTE 9 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 Killara feedlot, a beef cattle feedlot near Tamworth in New South Wales. In Indonesia and China, Elders imports, processes and distributes premium Australian meat. The Indonesian Feedlot and Abattoir assets have been classified as held for sale and discontinued due to the impending sale of that business.
- 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 exited the live export business during 2017.
- 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 annual financial statements. 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 2018**

NOTE 9 SEGMENT INFORMATION

	Network	Feed and Processing	Live Export	Other	Total
6 months ended March 2018	\$000	\$000	\$000	\$000	\$000
Sales revenue	664,717	92,337	-	283	757,337
Equity accounted profits	4,357	-	-	-	4,357
Earnings before interest, tax, depreciation & amortisation	62,689	(463)	-	(18,340)	43,886
Depreciation & amortisation	(1,395)	(1,373)	-	(225)	(2,993)
Segment result	61,294	(1,836)	-	(18,565)	40,893
Corporate net interest expense					(3,450)
Profit from ordinary activities before tax					37,443
Segment result	61,294	(1,836)	-	(18,565)	40,893
Discontinued operations results	-	4,835	-	-	4,835
Continuing profit before net borrowing costs and tax	61,294	2,999	-	(18,565)	45,728
Corporate net interest expense					(3,464)
Continuing profit before tax expense					42,264
As at 31 March 2018					
Segment assets	659,677	66,895	-	201,804	928,376
Segment liabilities	(392,619)	(5,819)	-	(243,693)	(642,131)
Net assets	267,058	61,076	-	(41,889)	286,245
	Network	Feed and Processing	Live Export	Other	Total
6 months ended March 2017	\$000	\$000	\$000	\$000	\$000
Sales revenue	659,821	81,162	77,635	361	818,979
Equity accounted profits	1,925	-	-	-	1,925
Earnings before interest, tax, depreciation & amortisation	59,024	3,598	134	(17,152)	45,604
Depreciation & amortisation	(1,126)	(559)	-	(222)	(1,907)
Segment result	57,898	3,039	134	(17,374)	43,697
Corporate net interest expense					(3,549)
Profit from ordinary activities before tax					40,148
Segment result	57,898	3,039	134	(17,374)	43,697
Discontinued operations results	-	252	(134)	-	118
Continuing profit before net borrowing costs and tax	57,898	3,291	-	(17,374)	43,815
Corporate net interest expense					(3,415)
Continuing profit before tax expense					40,400
As at 30 September 2017					
Segment assets	567,599	72,202	-	162,351	802,152
Segment liabilities	(309,952)	(8,747)	-	(225,775)	(544,474)
Net assets	257,647	63,455	-	(63,424)	257,678

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2018**

NOTE 10 EARNINGS PER SHARE

	March 2018	March 2017
Weighted average number of ordinary shares ('000) used in calculating basic EPS	115,260	113,859
Dilutive share options ('000)	4,231	3,465
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	119,491	117,324
	March 2018	March 2017
	\$000	\$000
Reported operations		
<i>Basic and dilutive</i>		
Net profit attributable to members (after tax)	41,403	38,291
<i>Reported operations earnings per share:</i>		
Basic earnings per share (cents per share)	35.9 ¢	33.6 ¢
Diluted earnings per share (cents per share)	34.6 ¢	32.6 ¢
Continuing operations		
<i>Basic and dilutive</i>		
Net profit attributable to members (after tax)	41,403	38,291
Less: Net loss of discontinued operations (net of tax)	4,815	345
Net profit of continuing operations (net of tax)	46,218	38,636
<i>Continuing operations earnings per share:</i>		
Basic earnings per share (cents per share)	40.1 ¢	33.9 ¢
Diluted earnings per share (cents per share)	38.7 ¢	32.9 ¢
Discontinued operations		
Net (loss) of discontinued operations (net of tax)	(4,815)	(345)
<i>Discontinued operations earnings per share:</i>		
Basic earnings per share (cents per share)	(4.2) ¢	(0.3) ¢
Diluted earnings per share (cents per share)	(4.2) ¢	(0.3) ¢

NOTE 11 BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

On 1 December 2017, Elders gained control of the Kerr & Co livestock business, which is located in the Western District of Victoria. The business was acquired for a total consideration of \$9.0 million, of which \$5.0 million is deferred. The transaction resulted in the recognition of goodwill and brand name of \$8.5 million. The Kerr & Co business contributed \$1.1 million of earnings before interest and tax in the period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2018**

NOTE 12 DISCONTINUED OPERATIONS

Financial period 31 March 2018

Elders' investment in Indonesia's feedlot and abattoir operations are classified as held for sale at 31 March 2018. As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the 2017 comparative discontinued operation disclosed below has been represented to show the effects of this classification. Additionally, Elders investment in Live Export was disposed of during the second half of 2017.

	Cont	Disc	Total	Cont	Disc	Total
	6 months	6 months	6 months	6 Months	6 Months	6 Months
	March 2018	March 2018	March 2018	March 2017	March 2017	March 2017
	\$000	\$000	\$000	\$000	\$000	\$000
Sales revenue	749,728	7,609	757,337	734,529	84,450	818,979
Cost of sales	(576,249)	(7,981)	(584,230)	(571,692)	(81,759)	(653,451)
Gross profit	173,479	(372)	173,107	162,837	2,691	165,528
Other revenues	4,357	-	4,357	1,925	-	1,925
Distribution expenses	(113,260)	(1,382)	(114,642)	(105,497)	(2,809)	(108,306)
Administration expenses	(18,848)	-	(18,848)	(17,720)	-	(17,720)
Other items of (expense)/income	-	(3,081)	(3,081)	2,270	-	2,270
Profit/(loss) before borrowing costs and tax expense	45,728	(4,835)	40,893	43,815	(118)	43,697
Finance costs	(3,464)	14	(3,450)	(3,415)	(134)	(3,549)
Profit/(loss) before tax expense	42,264	(4,821)	37,443	40,400	(252)	40,148
Income tax benefit/(expense)	5,238	6	5,244	(455)	(93)	(548)
Net profit/(loss) for the period	47,502	(4,815)	42,687	39,945	(345)	39,600
Net profit/(loss) attributable to non-controlling interest	(1,284)	-	(1,284)	(1,309)	-	(1,309)
Net profit/(loss) attributable to members of the parent entity	46,218	(4,815)	41,403	38,636	(345)	38,291
Revenue and expenses						
<i>Sales revenue:</i>						
Sale of goods and biological assets	596,650	7,609	604,259	539,857	84,450	624,307
Commission and other selling charges	2,736	-	2,736	2,902	-	2,902
Other sales related income	150,342	-	150,342	191,770	-	191,770
	749,728	7,609	757,337	734,529	84,450	818,979
<i>Other (expenses)/income:</i>						
Insurance investment fair value adjustment	-	-	-	2,270	-	2,270
Indonesia exit costs	-	(3,081)	(3,081)	-	-	-
	-	(3,081)	(3,081)	2,270	-	2,270

The net cash flow of the discontinued operations is as follows:

	March	March
	2018	2017
	\$000	\$000
Operating activities	(2,772)	2,199
Investing activities	(251)	(84)
Financing activities	-	-
Net cash inflow/(outflow)	(3,023)	2,115

As at 31 March 2018, the Indonesian feedlot and abattoir operations are held at a fair value of \$3.6 million, which is equal to the expected sale proceeds from disposal.

NOTE 13 SUBSEQUENT EVENTS

On 1 May 2018, Elders acquired all the equity share capital of Titan Ag Pty Ltd. The total consideration for this acquisition was \$35.1 million, payable over three tranches. Elders has contracted to divest its feedlot and processing assets from its Indonesian subsidiary, with a completion date of 30 June 2018. Other than the matters described, there is no other matter or circumstance that has arisen since 31 March 2018 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 2018 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
14 May 2018



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 2018, 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, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated entity comprises the Company and the entities it controlled 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 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 2018 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*.



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

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 2018 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 that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be 'AG Forman', written in a cursive style.

AG Forman
Partner

Adelaide
14 May 2018



Auditor's Independence Declaration

As lead auditor for the review of Elders Limited for the half-year ended 31 March 2018, 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
14 May 2018