18 May 2020

Appendix 4D and Financial Statements for the Financial Period Ended 31 March 2020

Elders Limited (**ASX:ELD**) today reports its results for the half-year ended 31 March 2020.

Attached are the Appendix 4D (Results for announcement to the market), Directors' Report and Financial Statements for the 6-month financial period ended 31 March 2020, which should be read in conjunction with the 2019 Annual Financial Report.

Further Information:
Mark Allison
Chief Executive Officer
0439 030 905

Authorised by:
The Board of Elders Limited

Elders Limited
ABN 34 004 336 636

HALF YEAR REPORT
APPENDIX 4D

31 MARCH 2020

ELDERS LIMITED
APPENDIX 4D (RULE 4.2)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 MARCH 2020

Attached is the report for the half year ended 31 March 2020. The consolidated profit after tax attributable to parent entity shareholders was $52.0 million (2019: $27.4 million).

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 March 2020 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 2019 and considered together with public announcements made by Elders Limited during the half year ended 31 March 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

	Result			6 months March 2020 $000
Revenue from continuing operations	up	26%	to	925,220
Profit from continuing operations after tax for the half year attributable to members	up	74%	to	51,959
Profit from discontinued operations after tax for the half year attributable to members		n/m[1]		-
Profit after tax for the half year attributable to members	up	90%	to	51,959

1 percentage movement in result not meaningful

Dividends

	Amount per security	Franked amount per security
Interim dividend	9 cents	9 cents
Previous corresponding period	9 cents	9 cents

Net tangible assets	**March 2020 $**	March 2019 $
Net tangible asset[2] backing per ordinary security (155,673,027 ordinary shares)	**1.46**	0.93

2 Assets for the purpose of net tangible assets includes right-of-use assets associated with leases recognised in accordance with AASB 16

The Board of Directors of Elders Limited submits its report in respect of the half year ended 31 March 2020.

DIRECTORS' REPORT

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

I Wilton (Chair)
R Clubb
D Eilert
M Carroll
M C Allison
M Quinn (appointed 20 February 2020)

OPERATING AND FINANCIAL REVIEW

Elders is focused on creating value for all its stakeholders in Australia and internationally. We achieve this through approximately 2,000 employees across Australia and China.

During the year we acquired wholesale business, Australian Independent Rural Retailers (AIRR) based in Shepparton, Victoria. AIRR is supported by a network of eight warehouses to supply independent retail stores throughout Australia.

In Australia, Elders works closely with primary producers to provide products, marketing options and specialist technical advice across rural, 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.

Whilst there has been volatility throughout local and global trade markets, COVID-19 has not had a significant financial impact on demand for Elders products and services, customers and supply chain for the six months ended 31 March 2020. Additional consideration of COVID-19 is covered in the outlook section.

FINANCIAL REVIEW[1]

Profit and Loss

The below table has been prepared to demonstrate the adoption of AASB 16 Leases pre and post-implementation. To enable a more meaningful comparison to the prior year, the pre-AASB 16 Leases figures for 1H20 has been evaluated against the prior corresponding period (pcp).

The remainder of the report will be presented post-AASB 16 Leases, unless otherwise stated.

Profit: Reported and Underlying

$million	1H20 Post-AASB 16	1H20 Adjustments	1H20 Pre-AASB 16	1H19	Change
Sales	**925.2**	**-**	**925.2**	**732.9**	**192.3**
Branch Network	64.7	0.4	64.2	52.1	12.1
Wholesale Network	8.6	0.0	8.5	-	8.5
Feed and Processing Services	5.0	(0.0)	5.0	4.1	0.9
Corporate Services and Other Costs	(25.4)	0.3	(25.7)	(22.2)	(3.5)
Underlying EBIT	**52.8**	**0.8**	**52.1**	**34.0**	**18.1**
Finance Costs	(4.5)	(1.3)	(3.2)	(4.2)	1.0
Underlying profit before tax	**48.3**	**(0.5)**	**48.8**	**29.8**	**19.0**
Tax	0.1	-	0.1	(0.6)	0.7
Non-Controlling Interests	(0.9)	-	(0.9)	(0.9)	-
Underlying profit to shareholders	**47.6**	**(0.5)**	**48.1**	**28.3**	**19.8**
Items excluded from underlying profit	**4.4**	**-**	**4.4**	**(1.0)**	**5.4**
Reported profit after tax to shareholders	**52.0**	**(0.5)**	**52.5**	**27.4**	**25.1**
Underlying EBITDA	73.3	16.8	56.5	36.4	20.1
Underlying earnings per share (cents)	31.2	(0.3)	31.5	24.3	7.2

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.

Items excluded from underlying profit are:

$million	1H20	Commentary
Acquisition/divestment costs	(3.1)	Mainly includes payment of Australian Independent Rural Retailers (AIRR) completion fee
Tax asset adjustments	7.5	Recognition of tax losses based on profitability forecasts
Items excluded from underlying profit	**4.4**	

1 Financial Review is presented in Australian dollars and is rounded in millions, unless otherwise stated. Rounding differences may be present to the Financial Report due to individual amounts rounded to the nearest thousand dollars.

Key movements in profit by product are:

- Wholesale Network up with AIRR acquisition contributing $17.4 million in gross margin
- Retail Products gross margin boosted by recent winter crop confidence and Titan, partially offset by poor summer crop season
- Agency upside mostly in Livestock margin, primarily driven by high prices for both cattle and sheep
- Real Estate gross margin favourable to the pcp predominantly due to increased broadacre turnover
- Financial Services margin is up due to acquisition of Livestock in Transit (LIT) delivery warranty products, offset by lower Rural Bank gross margin in line with the new distribution agreement
- Feed and Processing Services upside mostly from Killara feedlot due to high utilisation and improved efficiencies in cattle performance
- Other includes the accrual of the new network incentive program, which commenced this financial year
- Costs up on the pcp due to AIRR acquisition, geographical footprint growth and additional corporate initiatives, offset by savings from new Rural Bank distribution agreement

Chart 1 – Change in product margin ($million)[1]

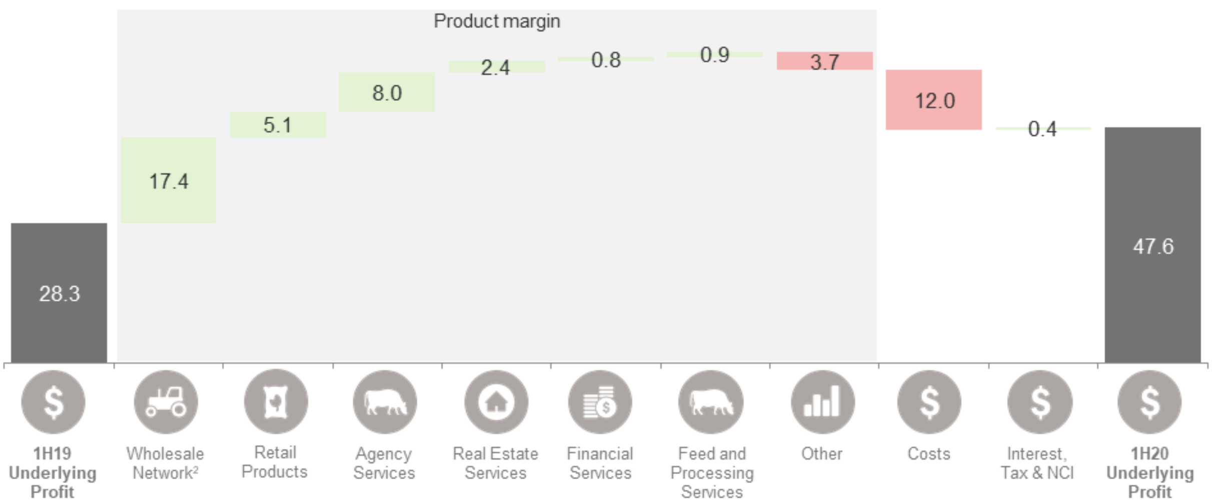
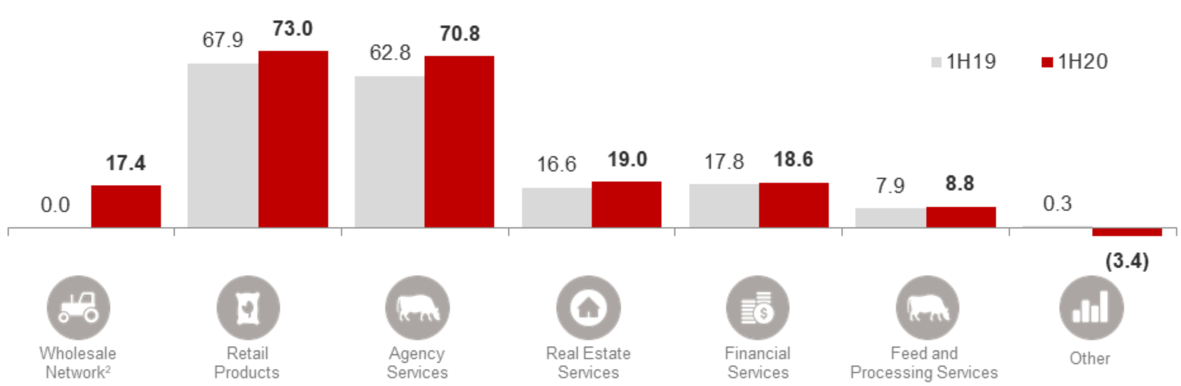


Chart 2 – Product margin by year ($million) [1]



1 Acquisition earnings are reflected within product margins

2 Wholesale Network represents AIRR margin

Key movements in profit by geography are:

- Wholesale Network up with AIRR acquisition contributing $17.4 million in gross margin and ($8.8 million) in SG&A
- Northern Australia is back on the pcp mainly in line with reduced summer cropping
- Southern Australia uplift predominantly in Livestock margin with strong prices and higher cattle volumes
- Central Australia is mostly favourable in Livestock, with cattle and sheep margin benefitting from higher prices and volumes
- Western Australia is up on the pcp mostly due to increased Retail sales and favourable sheep margin
- Corporate and other costs increased primarily due to investment in new corporate areas (Strategy and Business Improvement functions) and unfavourable half year statutory adjustments

Chart 3 – Change in underlying EBIT by geography ($million)[1]

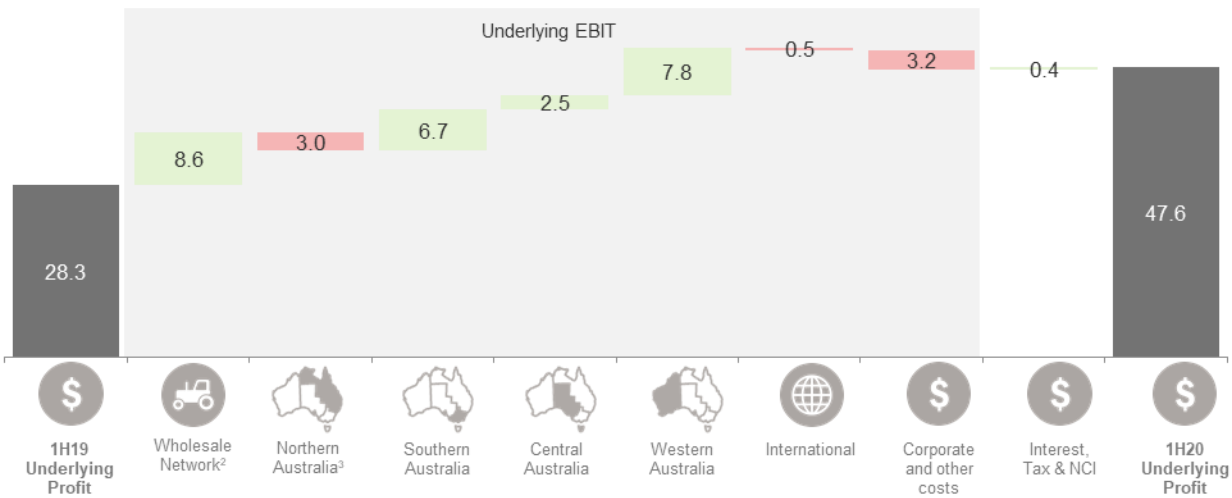
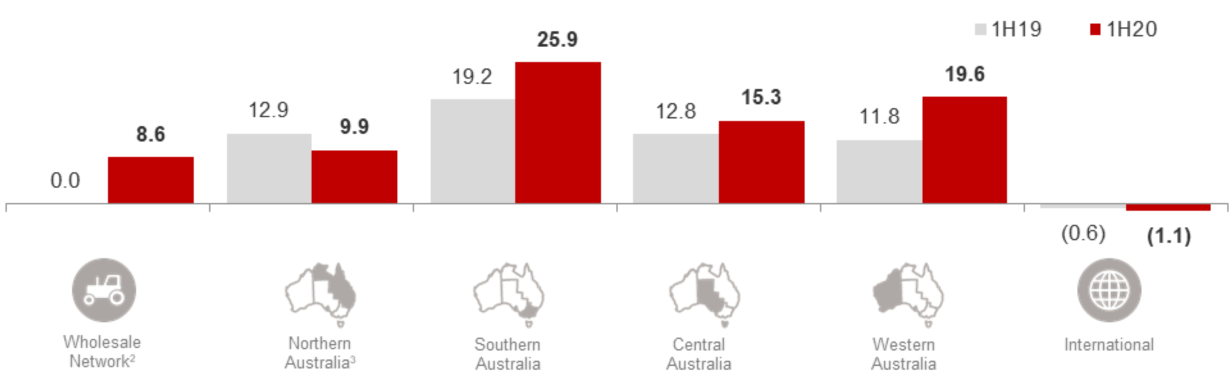


Chart 4 – Underlying EBIT by geography by year ($million)[1]



1 Acquisition earnings are reflected in corresponding geographies

2 Wholesale Network represents AIRR underlying EBIT

3 Northern Australia includes Killara feedlot

Balance Sheet

The below table has been prepared to demonstrate the adoption of AASB 16 Leases pre and post-implementation. To enable a more meaningful comparison to the prior year, the pre-AASB 16 Leases figures for 1H20 has been evaluated against 1H19.

$million as at end:	1H20 Post-AASB 16	1H20 Adjustments	1H20 Pre-AASB 16	1H19	Change
Inventory	260.0	-	260.0	190.0	70.0
Livestock	38.3	-	38.3	34.2	4.1
Trade and other receivables	674.0	-	674.0	435.4	238.6
Trade and other payables	(580.0)	-	(580.0)	(386.4)	(193.6)
Working Capital	**392.3**	**-**	**392.3**	**273.2**	**119.1**
Property, plant and equipment	31.3	(1.1)	32.4	27.3	5.1
Right of use asset	118.5	118.5	-	-	-
Investments, including assets held for sale	54.6	-	54.6	55.3	(0.7)
Intangibles	297.0	-	297.0	135.9	161.1
Provisions	(48.2)	-	(48.2)	(41.3)	(6.9)
Capital (net operating assets)	**845.5**	**117.4**	**728.1**	**450.4**	**277.7**
Borrowings: working capital and other facilities	(263.4)	1.1	(264.5)	(206.7)	(57.8)
Lease liabilities	(119.0)	(119.0)	-	-	-
Cash and cash equivalents	62.7	-	62.7	1.8	60.9
Net debt	**(319.7)**	**(117.9)**	**(201.8)**	**(204.9)**	**3.1**
Tax assets	**89.1**	**0.0**	**89.1**	**80.2**	**8.9**
Shareholders' equity	**614.9**	**(0.5)**	**615.4**	**325.7**	**289.7**
Underlying return on capital	14.7%	3.0%	17.7%	17.1%	0.6%
Average capital (excluding brand name)	732.7	(119.6)	613.2	403.6	209.5

Working capital

There is no impact on working capital as a result of AASB 16 Leases.

$million	1H20	1H19		Change
Wholesale Network	74.0	-	⬆	74.0
Retail Products	234.7	193.1	⬆	41.6
Agency Services	38.2	45.1	⬇	(6.9)
Real Estate Services	1.0	1.2	⬇	(0.2)
Financial Services	23.1	13.4	⬆	9.7
Feed and Processing Services	52.8	48.7	⬆	4.1
Other	(31.5)	(28.2)	⬇	(3.3)
Working capital (balance date)	**392.3**	**273.2**	⬆	**119.1**
Working capital (average)	382.1	296.3	⬆	85.8

Working capital as at March 2020 is $392.3 million, $119.1 million higher than the pcp. Similarly, average working capital increased by $85.8 million to $382.1 million for the half. This largely relates to:

- Wholesale Network working capital of $74.0 million (at balance date) and $48.5 million (on average), due to AIRR acquisition
- Increases in Retail Products and Livestock on average to support higher earnings
- Investment in Financial Services (StockCo advances)
- Higher value of cattle at Killara feedlot

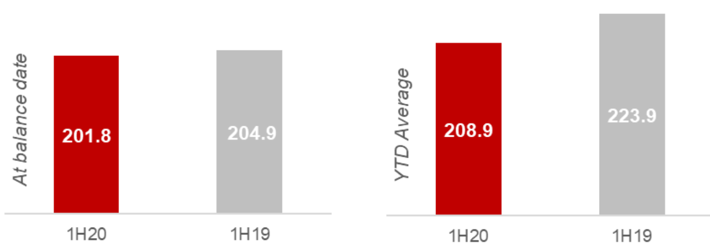
Return on capital[1]

Chart 5 – Underlying return on capital

Elders' underlying return on capital is 17.7%, up on the pcp by 0.6%:
- Retail Products improved with a strong finish to the half
- Agency Services and Real Estate is favourable due to improved earnings on similar capital
- Significant investment in Financial Services (StockCo advances and LIT/WIT)
- This is partially offset by lower return on investment in Wholesale Network for the first 5 months

Net debt[1]

Chart 6 – Net debt



Key ratios (rolling 12 months)	**1H20**	**1H19**		**Change**
Leverage (average net debt to EBITDA)	1.9	2.8	⬇	(0.9)
Interest cover (EBITDA to net interest)	15.1	10.2	⬆	4.9
Gearing (average net debt to closing equity)	31.2%	61.0%	⬇	(29.8%)

Whilst our profit has increased on the prior year, we have achieved an improvement on our net debt levels ($3.1 million and $15.0 million lower respectively) at both balance date and average.

All our key ratios are favourable to the pcp:
- Leverage is down due to higher EBITDA on comparable debt, as well as earnings associated with investment purchase funded through equity
- Interest cover is favourable on the pcp due to lower interest rates and higher EBITDA

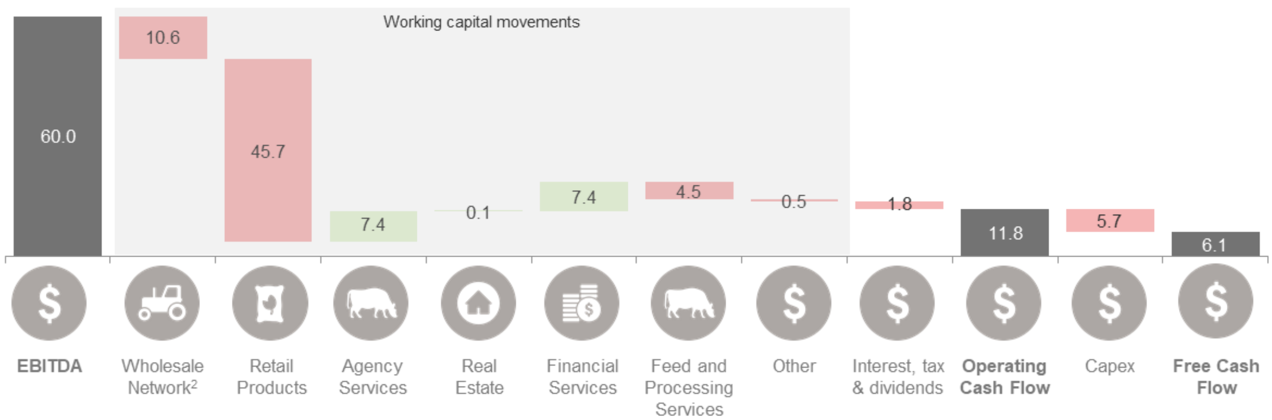
There is significant headroom in our financial covenants:
- Leverage is 0.95 (covenant < 2.5 times)
- Interest cover is 17.23 (covenant > 3.5 times)
- Net worth is $614.4 million (covenant $250 million)
- Undrawn facilities at balance date was $151 million

1 Proforma as if AASB 16 Leases did not apply to enable a more meaningful comparison with the pcp

Cash Flow[1]

$million	1H20 Post-AASB 16	1H20 Adjustments	1H20 Pre-AASB 16	1H19	Change
Operating cash flow	27.4	15.5	11.8	(13.1)	24.9
Investing cash flow	(106.4)	-	(106.4)	(6.0)	(100.4)
Financing cash flow	134.4	(15.5)	150.0	9.2	140.8
Total cash flow	**55.4**	**(0.0)**	**55.4**	**(9.9)**	**65.3**

Chart 7 – Cash flow ($million)



$million	Wholesale Network	Rural Products	Agency Services	Real Estate	Financial Services	Feed & Process	Other	Total
EBITDA	10.1	25.7	29.4	8.8	7.2	6.6	(27.8)	**60.0**
Movements in assets and liabilities	(10.6)	(45.7)	7.4	0.1	7.4	(4.5)	(0.5)	**(46.4)**
Interest, tax and dividends							(1.8)	**(1.8)**
Operating cash flow	(0.5)	(20.0)	36.8	8.9	14.6	2.1	(30.1)	**11.8**

Operating cash inflow of $11.8 million reflected EBITDA of $60.0 million, offset by increased working capital relating to:

- Wholesale Network working capital, due to AIRR acquisition
- Higher Retail Products debtors due to increased sales activity
- Lower Agency working capital
- Financial Services upside with $8.0 million repayment of StockCo advances
- Higher value of cattle at Killara feedlot

Investing outflow of $106.4 million mainly represents the purchase of AIRR and other bolt on acquisitions completed in the period.

Financing inflow of $134.4 million relates to drawdowns on various borrowing facilities, including the new AIRR facility of $25.0 million, offset by $12.0 million of dividend distributions to shareholders.

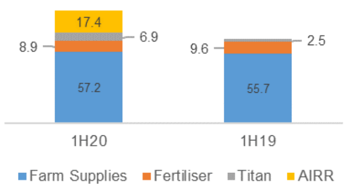
1 Proforma as if AASB 16 Leases did not apply to enable a more meaningful comparison with the pcp

2 Wholesale Network represents AIRR results

REVIEW OF OPERATIONS

Rural Products

Gross Margin ($m)

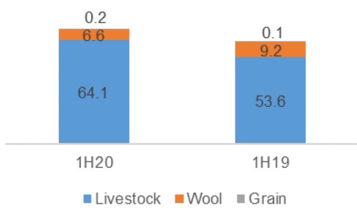


Rural Products margin increased $22.5 million (33%) on the pcp. This is mainly due to the AIRR acquisition, which has contributed $17.4 million since 13 November 2019.

Recent rainfall and soil moisture replenishment has boosted winter crop confidence, with increased demand particularly for chemical and Titan products. This has more than offset the poor summer crop season resulting from dry conditions year to date.

Agency Services

Gross Margin ($m) [1]

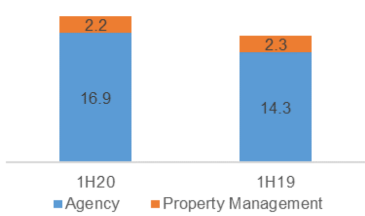


Agency margin was up $8.0 million (13%) on the pcp, which is mostly attributable to Livestock (up $10.5 million). This relates mostly to strong prices in both cattle and sheep, driven by limited domestic supply and continued demand from key export markets up to March 2020. Volumes are also up on prior year, with dry conditions causing producers to de-stock.

Wool margin is back $2.6 million on the pcp due to lower bales sold. There are significant wool bales held in store, due to lower prices deterring growers from trading. Continued dry conditions across most wool-growing regions has impacted production with a reduced number of sheep shorn nationally. Additionally, subdued global demand, particularly in China, has resulted in a decline in the Eastern Market Indicator (EMI) price for wool.

Real Estate Services

Gross Margin ($m)

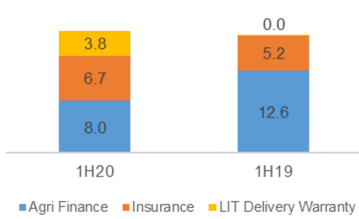


Real Estate increased $2.4 million (14%) on the pcp, with sales turnover up across most service offerings.

Margin from farmland property has contributed most of the uplift (up 43%) and is favourable across all geographies. Residential and property management has also outperformed the pcp, offset by lower water broking activities.

Financial Services

Gross Margin ($m) [1]

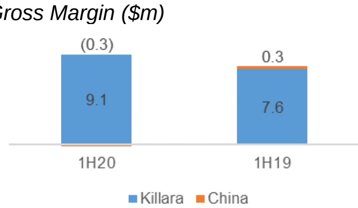


Financial Services margin is up $0.8 million (4%). This is due to additional earnings from Livestock in Transit (LIT) delivery warranty products, offset by lower Agri Finance margin due to new Rural Bank distribution agreement (down $4.8 million). This margin decline is mitigated by lower costs ($5.2 million).

Insurance benefitted from increased gross written premiums and favourable equity earnings from Elders Insurance.

Feed and Processing Services

Gross Margin ($m)



Killara feedlot increased by $1.5 million (19%) on the pcp, due to high utilisation levels combined with improved efficiencies in cattle performance.

Margin pressures and COVID-19 (Coronavirus) disruption continue to adversely impact our China business.

1 includes equity earnings from investments

OUTLOOK

Following rainfall events, there is now a positive outlook for winter crop. Global COVID-19 implications will continue to create some ongoing uncertainty in both market demand and agricultural supply chains.

Rural Products

- Recent rainfall has delivered a break in a number of drought affected areas across the Eastern States, which has lifted farmer confidence and has seen strong demand for crop inputs
- Fertiliser is flowing into Australian ports, with shortages only due to the favourable seasonal conditions lifting demand
- Some AgChem suppliers are experiencing interruptions due to COVID-19, which is being closely monitored but China supply chain has returned to normal
- Animal Health products observing minimal supply impacts from COVID-19 to date, with majority of products manufactured locally

Agency Services

- Livestock supply chains continue to operate without major disruption from COVID-19, with digital solutions in place to facilitate transactions if in-person methods (e.g. saleyards and clearing sales) become disputed
- Historically low cattle supplies and strong restocking demand will reduce slaughter numbers and exports, driving cattle prices up
- Sheep prices to remain high in the medium term, with flock rebuilding likely to be slow
- Wool export to China is operationally sound, however impact of reduced end-market demand in Europe and North America will likely continue to place downward pressure on price and volume

Real Estate Services

- Residential properties and property management earnings are expected to decline in line with the wider real estate market due to COVID-19 related restrictions and broader economic impacts
- Broadacre properties earnings are expected to be impacted, but to a lesser extent than residential

Financial Services

- Financial Services to benefit from a full year of earnings from new Livestock in Transit (LIT) delivery warranty product launched in June 2019
- Full year impact of the new Rural Bank distribution agreement is anticipated to be a marginal increase in EBIT on the pcp

Feed and Processing Services

- Whilst Killara feedlot utilisation is expected to remain at high levels with limited impact from COVID-19, high end cattle may experience price pressures due to decreased demand for restaurant quality meat and exports
- Elders Fine Foods performance is anticipated to recover as China begins to re-open post COVID-19 lockdown

Costs and Capital

- Costs are expected to increase in line with footprint growth and continued Eight Point Plan investment

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 35 – "Auditor Independence Declaration to the Directors of Elders Limited."

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

I Wilton
Chair

M C Allison
Managing Director

Adelaide
18 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2020

	Note	**6 months March 2020 $000**	6 months March 2019 $000
Continuing operations			
Sales revenue	4	**925,220**	732,857
Cost of sales		**(724,038)**	(562,407)
Gross profit from continuing operations		**201,182**	170,450
Equity accounted profits		**3,041**	2,826
Distribution expenses		**(125,695)**	(116,773)
Administrative expenses		**(25,709)**	(22,532)
Finance costs		**(4,482)**	(4,189)
Other items of expense	4	**(3,107)**	(1,049)
Profit from continuing operations before income tax benefit		**45,230**	28,733
Income tax benefit	5	**7,644**	1,953
Profit from continuing operations after income tax benefit		**52,874**	30,686
Net loss of discontinued operations, net of tax	14	**-**	(2,440)
Net profit for the period		**52,874**	28,246
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		**152**	(580)
Other comprehensive profit/(losses) for the period, net of tax		**152**	(580)
Total comprehensive income for the period		**53,026**	27,666
Profit for the period is attributable to:			
Non-controlling interest		**915**	886
Owners of the parent		**51,959**	27,360
		52,874	28,246
Total comprehensive income for the period is attributable to:			
Non-controlling interest		**915**	886
Owners of the parent		**52,111**	26,780
		53,026	27,666
Reported operations			
Basic earnings per share (cents per share)	12	**34.1 ¢**	23.5 ¢
Diluted earnings per share (cents per share)	12	**33.7 ¢**	23.1 ¢
Continuing operations			
Basic earnings per share (cents per share)	12	**34.1 ¢**	25.6 ¢
Diluted earnings per share (cents per share)	12	**33.7 ¢**	25.1 ¢
Discontinued operations			
Basic earnings per share (cents per share)	12	**-**	(2.1)¢
Diluted earnings per share (cents per share)	12	**-**	(2.1)¢

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	March 2020 $000	September 2019 $000
Current assets			
Cash and cash equivalents		**62,732**	7,313
Trade and other receivables		**674,066**	481,131
Livestock		**38,324**	35,309
Inventory		**259,997**	146,121
Current tax receivable		**-**	398
Total current assets		**1,035,119**	670,272
Non current assets			
Other financial assets		**1,269**	1,269
Equity accounted investments		**53,328**	53,746
Property, plant and equipment		**31,287**	27,405
Right-of-use assets	2(b)	**118,469**	-
Intangibles	6	**297,008**	166,854
Deferred tax assets		**89,083**	97,184
Total non current assets		**590,444**	346,458
Total assets		**1,625,563**	1,016,730
Current liabilities			
Trade and other payables		**572,787**	359,224
Interest bearing loans and borrowings	7	**141,393**	100,695
Lease liabilities	2(b)	**30,649**	-
Provisions		**45,650**	44,228
Total current liabilities		**790,479**	504,147
Non current liabilities			
Other payables		**7,225**	16,287
Interest bearing loans and borrowings	7	**122,000**	870
Lease liabilities	2(b)	**88,395**	-
Provisions		**2,566**	2,543
Total non current liabilities		**220,186**	19,700
Total liabilities		**1,010,665**	523,847
Net assets		**614,898**	492,883
Equity			
Contributed equity		**1,644,759**	1,562,377
Reserves	8	**(26,234)**	(27,230)
Retained earnings		**(1,004,747)**	(1,043,490)
Total parent entity equity interest		**613,778**	491,657
Non-controlling interests		**1,120**	1,226
Total equity		**614,898**	492,883

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2020

	Note	**6 months March 2020 $000**	6 months March 2019 $000
Cash flow from operating activities			
Receipts from customers		**4,227,292**	3,644,701
Payments to suppliers and employees		**(4,199,576)**	(3,654,786)
Dividends received		**3,459**	3,100
Interest and other costs of finance paid		**(4,138)**	(3,785)
Income taxes received/(paid)		**408**	(2,333)
Net operating cash flows		**27,445**	(13,103)
Cash flow from investing activities			
Payments for property, plant and equipment		**(4,692)**	(1,484)
Payments for intangibles		**(1,326)**	(1,809)
Payments for acquisitions through business combinations, net of cash acquired	13	**(100,793)**	(4,443)
Proceeds from sale of property, plant and equipment		**417**	8
Payments associated with sale of controlled entity		**-**	(951)
Proceeds from sale of feedlot assets		**-**	2,700
Net investing cash flows		**(106,394)**	(5,979)
Cash flow from financing activities			
Proceeds of borrowings		**163,192**	21,163
Dividends paid		**(11,988)**	(10,063)
Partnership profit distributions/dividends paid		**(1,021)**	(1,902)
Repayments of lease liabilities		**(15,815)**	-
Net financing cash flows		**134,368**	9,198
Net increase/(decrease) in cash held		**55,419**	(9,884)
Cash at the beginning of the financial period		**7,313**	11,641
Cash at the end of the financial period		**62,732**	1,757

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 2020

$000	Issued capital	Reserves	Retained earnings	Non-controlling interest	Total equity
As at 1 October 2019	**1,562,377**	**(27,230)**	**(1,043,490)**	**1,226**	**492,883**
Profit for the period	**-**	**-**	**51,959**	**915**	**52,874**
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	**-**	**152**	**-**	**-**	**152**
Total comprehensive income/(loss) for the period	**-**	**152**	**51,959**	**915**	**53,026**
Transactions with owners in their capacity as owners:					
Issued capital	**80,388**	**-**	**-**	**-**	**80,388**
Dividends paid	**-**	**-**	**(11,988)**	**-**	**(11,988)**
Dividend reinvestment plan	**1,994**	**-**	**(1,994)**	**-**	**-**
Partnership profit distributions/dividends paid	**-**	**-**	**-**	**(1,021)**	**(1,021)**
Cost of share based payments	**-**	**1,610**	**-**	**-**	**1,610**
Reallocation of equity	**-**	**(766)**	**766**	**-**	**-**
As at 31 March 2020	**1,644,759**	**(26,234)**	**(1,004,747)**	**1,120**	**614,898**
As at 1 October 2018	1,426,835	(26,034)	(1,094,027)	1,775	308,549
Profit for the period	-	-	27,360	886	28,246
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	-	(580)	-	-	(580)
Total comprehensive income/(loss) for the period	-	(580)	27,360	886	27,666
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	(10,063)	-	(10,063)
Dividend reinvestment plan	437	-	(437)	-	-
Partnership profit distributions/dividends paid	-	-	-	(1,902)	(1,902)
Cost of share based payments	-	1,431	-	-	1,431
Reallocation of equity	-	(2,609)	2,609	-	-
As at 31 March 2019	1,427,272	(27,792)	(1,074,558)	759	325,681

NOTE 1 CORPORATE INFORMATION

The consolidated financial report of Elders Limited for the half year ended 31 March 2020 was authorised for issue on 18 May 2020 in accordance with a resolution of the Directors. Elders Limited (the Parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

(a) Basis of preparation

The half year consolidated financial statements for the six months ended 31 March 2020, 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 2019.

(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 2019, except for the adoption of new standards and interpretations.

Elders has not elected to early adopt any standard, interpretation or amendment that has been issued, but is not yet effective.

AASB 16 Leases
From 1 October 2019, Elders has adopted, for the first time, the accounting standard AASB 16 Leases, in preparing its consolidated half year financial statements. AASB 16 which replaced all existing lease requirements under AASB 117, removed the distinction between operating and finance leases and as a result leases will now be accounted for under a single, on-balance sheet model. Leases that were classified as finance leases under AASB 117 will continue to be recognised in the statement of financial position under AASB 16. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

Elders has applied AASB 16 using the modified retrospective approach where the right-of-use asset is measured as equal to the lease liability on the date of adoption, and as such prior year balances have not been restated – i.e. it is presented as previously reported under AASB 117. Elders has applied the following transition practical expedients as permitted by the standard:

- exclusion of initial direct costs in measurement of the right of use asset;
- a single discount rate applied to a portfolio of leases with similar characteristics;
- the use of hindsight with regards to determination of the lease term where the contract contains options to extend or terminate the lease; and
- leases for which the underlying asset is of low value (less than USD 5,000) are exempt and recognised on a straight-line basis through profit or loss.

Elders has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date Elders relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Impact on transition
On transition to AASB 16, Elders as a lessee, has recognised a lease liability representing its obligation to make future lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The interest expense on the lease liability and depreciation expense on the asset will be separately recognised in profit or loss. The impact on transition is summarised below.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

Impact on transition (continued)

	1 October 2019
Consolidated statement of financial position	$000
Right-of-use assets	117,892
Lease liabilities	(117,892)
Net impact on retained earnings, after tax	-

When measuring lease liabilities for leases that were previously classified as operating leases, Elders discount lease payments using the incremental borrowing rate at 1 October 2019. The weighted-average rate applied is 2.1%.

The recognised right-of-use assets relates to the following asset classes:

	31 March 2020	1 October 2019
	$000	$000
Right-of-use assets – Properties	**101,372**	96,655
Right-of-use assets – Motor Vehicles	**16,200**	20,172
Right-of-use assets – Other	**897**	1,065
Total right-of-use assets	**118,469**	117,892

The balances presented above at 31 March 2020 are net of accumulated depreciation.

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Lease liabilities reconciliation on transition	1 October 2019
	$000
Operating lease commitments disclosure as at 30 September 2019	65,621
Less: Low-value leases recognised on a straight-line basis as expense	(2,094)
Less: Discounting effect using incremental borrowing rate	(2,304)
Add: Extension options which are reasonably certain to be exercised	55,264
Add: Finance lease recognised at 30 September 2019	1,405
Lease liabilities recognised on transition as at 1 October 2019	**117,892**
Of which:	
- Current lease liabilities	33,038
- Non-current lease liabilities	84,854
	117,892

Amounts recognised in the current period

The table below provides a summary of the impact of AASB 16 on Elders' consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for the six-month period ended 31 March 2020.

	6 Months 31 March 2020
Consolidated statement of comprehensive income - (increase)/decrease	**$000**
Expenses	
Depreciation expense on right-of-use assets	**(16,390)**
Distribution and administrative expenses	**17,125**
Interest on lease liabilities	**(1,310)**
Income tax expense	**173**
Net profit after income tax expense	**(402)**
Consolidated statement of financial position - increase/(decrease)	
Assets	
Right-of-use assets	**118,469**
Deferred tax asset	**173**
Liabilities	
Lease liabilities of which are:	
- Current lease liabilities	**30,649**
- Non-current lease liabilities	**88,395**
Net impact on net assets	**(402)**

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

Amounts recognised in the current period (continued)	6 Months 31 March 2020 $000
Consolidated statement of cash flows - (increase)/decrease	
Cash flow from operating activities	
Payments to suppliers and employees	17,125
Payment of lease liability financing costs	(1,310)
Cash flows from financing activities	
Repayments of lease liabilities	(15,815)
Net impact on cash flows	-

Impact on segment disclosures and earnings per share

Segment result (adjusted earnings before interest and tax), segment assets and segment liabilities for the six months ended 31 March 2020, all increased as a result of the change in accounting policy. The following segments are impacted by the change in policy:

	Segment Result $000	Segment Assets $000	Segment Liabilities $000
Branch Network	726	83,951	84,234
Wholesale Network	36	13,650	13,707
Feed and Processing Services	4	239	230
Corporate Services and Other Costs	(41)	20,629	20,873
	725	118,469	119,044

There was no material impact on earnings per share for the half year ended 31 March 2020, as a result of the adoption of AASB 16.

Elders leasing activities and how these are accounted for

Elders leases various offices, warehouses, retail stores and motor vehicles. Rental contracts are typically made for an average period of three years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

Prior to 1 October 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019 onwards, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Lease payments are discounted using Elders incremental borrowing rate, being the rate Elders would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise of IT equipment and office equipment. Elders does not have any short term leases with a lease term of 12 months or less.

NOTE 2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

Extension and termination options

Extension and termination options are included in Elders' property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of the extension and termination options held are exercisable only by Elders and not by the respective lessor.

In determining the lease term, Elders considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Elders holds leases of operational importance (e.g. rural cornerstone property leases) which are expected to be extended for the maximum available lease term. Leases of this nature have been assessed using the extended lease term. For all other leases, the lease term excluding extension and termination options has been applied. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of Elders.

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.

Acquisition accounting
The determination, and allocation, of the consideration fair value to the identifiable assets acquired and liabilities assumed in business combinations is based on various assumptions and valuation methodologies requiring considerable judgement. In particular, the determination of fair value and useful lives of any identified intangible assets at acquisition date, and subsequent reassessments, involves significant judgement.

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. Inventory on hand is recognised net of rebates

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.

Impact of COVID-19
Elders is continuing to assess the impact of the COVID-19 outbreak on demand for Elders products and services, customers and supply chain. Whilst there has been volatility throughout local and global trade markets, COVID-19 has not had a significant financial impact on demand for Elders products and services, customers and supply chain for the six months ended 31 March 2020. The Governments' restrictions on gatherings and social distancing measures have the potential to impact Real Estate and Livestock sales, however, at present, the financial impact cannot be reasonably estimated.

NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Elders has reviewed accounting estimates and assumptions in light of the COVID-19 outbreak:

- Impairment of financial assets specifically trade receivables: Elders has reviewed the expected credit losses for its trade receivables balances. AASB 9 requires forward-looking information (including macroeconomic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses. An additional loss allowance of $2.0 million has been recognised to reflect the forward-looking macroeconomic factors given COVID-19 uncertainties.
- Impairment of non-financial assets, including brand names and goodwill: Elders has evaluated the conditions specific to the company and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, Elders has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss at 31 March 2020. Elders concluded that there were no identified changes to assumptions which required impairment testing to be performed at 31 March 2020.
- Valuation of inventory: Elders has performed an assessment of inventory on hand at balance date to assess whether inventories are valued at the lower of cost and net realisable value. There were no adjustments required to the carrying values of inventories from the impact of COVID-19 at 31 March 2020.

Elders will continue to monitor and manage the impact of COVID-19 on its financial position and performance and as new information becomes available, will ensure these are appropriately reflected in the financial statements.

NOTE 4 REVENUE AND EXPENSES

	6 Months March 2020 $000	6 Months March 2019 $000
Sales revenue		
Sale of goods and biological assets	**756,989**	582,516
Debtor interest associated with sales	**3,773**	3,257
Interest receivable from related party advances	**2,339**	1,047
Commission revenue	**162,119**	146,037
	925,220	732,857
Discontinued operations	**-**	4,636
	925,220	737,493
Depreciation and amortisation	**(20,435)**	(2,426)
Other items of expense		
Acquisition/divestment costs	**(3,107)**	-
IT infrastructure refresh costs	**-**	(1,049)
	(3,107)	(1,049)

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 2020 $000	6 months March 2019 $000
Accounting profit/(loss) before tax from:		
- Continuing operations	**45,230**	28,733
- Discontinued operations	**-**	(1,880)
Total accounting profit before tax	**45,230**	26,853
Income tax expense at 30% (2019: 30%)	**(13,569)**	(8,056)
Adjustments in respect of current income tax of previous years	**(246)**	(241)
Share of equity accounted profits	**912**	848
Non-deductible other expenses	**(1,237)**	(2,418)
Recognition of previously unrecognised tax losses	**22,358**	10,372
Other	**(574)**	888
Income tax benefit/(expense) as reported in the statement of comprehensive income	**7,644**	1,393
Aggregate income tax benefit/(expense) is attributable to:		
- Continuing operations	**7,644**	1,953
- Discontinued operations	**-**	(560)
	7,644	1,393

Tax losses

Elders has tax losses for which no deferred tax asset is recognised in the Statement of Financial Position of $73.6 million (September 2019: $95.8 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

NOTE 6 INTANGIBLES

Reconciliation of carrying amounts at beginning and end of period:

Non current	Goodwill	Rent rolls & loan books	Brand names	Distribution rights	Customer intangibles	Other	Total
	$000	$000	$000	$000	$000	$000	$000
6 months ended March 2020							
Carrying amount at beginning of period	**59,977**	**8,576**	**71,360**	**23,000**	**-**	**3,941**	**166,854**
Additions	**-**	**491**	**-**	**-**	**-**	**1,035**	**1,526**
Acquisitions through business combinations	**74,989**	**-**	**7,631**	**-**	**47,620**	**568**	**130,808**
Amortisation	**-**	**(553)**	**-**	**-**	**(1,358)**	**(269)**	**(2,180)**
Carrying amount at end of period	**134,966**	**8,514**	**78,991**	**23,000**	**46,262**	**5,275**	**297,008**
At 31 March 2020							
Cost	**134,966**	**11,415**	**78,991**	**23,000**	**47,620**	**5,815**	**301,807**
Accumulated amortisation and impairment	**-**	**(2,901)**	**-**	**-**	**(1,358)**	**(540)**	**(4,799)**
	134,966	**8,514**	**78,991**	**23,000**	**46,262**	**5,275**	**297,008**
At 30 September 2019							
Cost	59,977	10,924	71,360	23,000	-	4,212	169,473
Accumulated amortisation and impairment	-	(2,348)	-	-	-	(271)	(2,619)
	59,977	8,576	71,360	23,000	-	3,941	166,854

NOTE 7 INTEREST BEARING LOANS AND BORROWINGS

	March 2020	September 2019
	$000	$000
Current		
Trade receivables and other working capital funding	**139,700**	100,149
Unsecured loans	**1,693**	-
Lease liabilities	**-**	546
	141,393	100,695
Non current		
Secured loans	**122,000**	-
Lease liabilities	**-**	870
Total interest bearing loans and borrowings	**263,393**	101,565

NOTE 8 RESERVES

Reconciliation of carrying amounts at beginning and end of period:

	Business combination reserve	Employee equity benefits reserve	Foreign currency translation reserve	Total
	$000	$000	$000	$000
As at 1 October 2019	**(27,495)**	**5,009**	**(4,744)**	**(27,230)**
Exchange differences on translation of foreign operations	**-**	**-**	**152**	**152**
Cost of share based payments	**-**	**1,610**	**-**	**1,610**
Transfer to retained earnings	**-**	**(766)**	**-**	**(766)**
As at 31 March 2020	**(27,495)**	**5,853**	**(4,592)**	**(26,234)**
As at 1 October 2018	(25,945)	5,806	(5,895)	(26,034)
Exchange differences on translation of foreign operations	-	-	(580)	(580)
Cost of share based payments	-	1,431	-	1,431
Transfer to retained earnings	-	(2,609)	-	(2,609)
As at 31 March 2019	(25,945)	4,628	(6,475)	(27,792)

NOTE 9 DIVIDENDS

On 18 December 2019, Elders paid a fully franked dividend of 9 cents per share. These distributions totalled $14.0 million (2019: $10.5 million). The cash outflow was $12.0 million (2019: $10.1 million), with the difference reinvested by shareholders.

NOTE 10 CONTINGENT LIABILITIES

There are no additional contingent liabilities other than that disclosed in note 25 of the 30 September 2019 financial statements. There were no contingent liabilities associated with the acquisition of AIRR Holdings Limited.

NOTE 11 SEGMENT INFORMATION

Identification of reportable segments

Elders has identified its operating segments to be Branch Network, Wholesale Network, Feed and Processing Services, and Corporate Services and Other Costs. These segments were disclosed as Network, Feed and Processing, and Other respectively in the 30 September 2019 financial statements. In the current period, a new segment has been identified, Wholesale Network, which represents the AIRR business acquired in November 2019. These operating segments are 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

- Branch 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.
- Wholesale Network includes the AIRR business based in Shepparton, Victoria, supported by a network of eight warehouses to supply independent retail stores throughout Australia.
- Feed and Processing Services includes Killara feedlot, a beef cattle feedlot near Tamworth in New South Wales. In China, Elders imports, processes and distributes premium Australian meat. Elders has sold the Indonesian Feedlot and Abattoir assets and decided to close the remaining Retail business in the prior period.
- Corporate Services and Other Costs 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 financial statements. Segment results have been determined on a consolidated basis and represent the earnings before corporate financing costs and income tax expense. The majority of Elders revenue is recognised at a point in time and attributable to the sale of retail products, wholesale products and provision of agency services, with the exception being certain financial services revenue which is recognised over a period of time.

NOTE 11 SEGMENT INFORMATION

	Branch Network	Wholesale Network	Feed and Processing Services	Corporate Services and Other Costs	Total
6 months ended March 2020	**$000**	**$000**	**$000**	**$000**	**$000**
Sale of goods and biological assets	560,265	94,485	101,942	297	756,989
Debtor interest associated with sales	3,773	-	-	-	3,773
Interest receivable from related party advances	2,339	-	-	-	2,339
Commission revenue	162,119	-	-	-	162,119
Sales revenue	728,496	94,485	101,942	297	925,220
Equity accounted profits	3,041	-	-	-	3,041
Earnings before interest, tax, depreciation and amortisation	80,484	11,212	5,543	(27,092)	70,147
Depreciation and amortisation	(15,992)	(2,657)	(555)	(1,231)	(20,435)
Segment result	64,492	8,555	4,988	(28,323)	49,712
Interest expense					(2,828)
Fair value adjustment of financial instruments					(149)
Unwinding of discount expense in regards to liabilities					(195)
Interest on lease liability					(1,310)
Finance costs					(4,482)
Profit from ordinary activities before tax					45,230
Segment result	64,492	8,555	4,988	(28,323)	49,712
Continuing profit before finance costs and tax expense	64,492	8,555	4,988	(28,323)	49,712
Interest expense					(2,828)
Fair value adjustment of financial instruments					(149)
Unwinding of discount expense in regards to liabilities					(195)
Interest on lease liability					(1,310)
Finance costs					(4,482)
Continuing profit before tax expense					45,230
As at 31 March 2020					
Segment assets	1,033,346	270,483	76,117	245,617	1,625,563
Segment liabilities	561,998	65,163	8,607	374,897	1,010,665
Net assets	471,348	205,320	67,510	(129,280)	614,898

NOTE 11 SEGMENT INFORMATION

	Branch Network	Wholesale Network	Feed and Processing Services	Corporate Services and Other Costs	Total
6 months ended March 2019	$000	$000	$000	$000	$000
Sale of goods and biological assets	491,316	-	95,504	332	587,152
Debtor interest associated with sales	3,257	-	-	-	3,257
Interest receivable from related party advances	1,047	-	-	-	1,047
Commission revenue	146,037	-	-	-	146,037
Sales revenue	641,657	-	95,504	332	737,493
Equity accounted profits	2,826	-	-	-	2,826
Earnings before interest, tax, depreciation and amortisation	53,542	-	4,139	(22,774)	34,907
Depreciation and amortisation	(1,482)	-	(493)	(451)	(2,426)
Segment result	52,060	-	3,646	(23,225)	32,481
Interest expense					(2,345)
Fair value adjustment of financial instruments					(855)
Unwinding of discount expense in regards to liabilities					(989)
Finance costs					(4,189)
Profit from ordinary activities before tax					28,292
Segment result	52,060	-	3,646	(23,225)	32,481
Discontinued operations results	-	-	441	-	441
Continuing profit before finance costs and tax expense	52,060	-	4,087	(23,225)	32,922
Interest expense					(2,345)
Fair value adjustment of financial instruments					(855)
Unwinding of discount expense in regards to liabilities					(989)
Finance costs					(4,189)
Continuing profit before tax expense					28,733
As at 30 September 2019					
Segment assets	772,423	-	69,646	174,661	1,016,730
Segment liabilities	327,379	-	9,214	187,254	523,847
Net assets	445,044	-	60,432	(12,593)	492,883

NOTE 12 EARNINGS PER SHARE

	March 2020	March 2019
Weighted average number of ordinary shares ('000) used in calculating basic EPS	**152,470**	116,515
Dilutive share options ('000)	**1,669**	1,976
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	**154,139**	118,491

	March 2020 $000	March 2019 $000
Reported operations		
Basic and dilutive		
Net profit attributable to members (after tax)	**51,959**	27,360
Reported operations earnings per share:		
Basic earnings per share (cents per share)	**34.1 ¢**	23.5 ¢
Diluted earnings per share (cents per share)	**33.7 ¢**	23.1 ¢
Continuing operations		
Basic and dilutive		
Net profit attributable to members (after tax)	**51,959**	27,360
Less: Net loss of discontinued operations (net of tax)	**-**	2,440
Net profit of continuing operations (net of tax)	**51,959**	29,800
Continuing operations earnings per share:		
Basic earnings per share (cents per share)	**34.1 ¢**	25.6 ¢
Diluted earnings per share (cents per share)	**33.7 ¢**	25.1 ¢
Discontinued operations		
Net (loss) of discontinued operations (net of tax)	**-**	(2,440)
Discontinued operations earnings per share:		
Basic earnings per share (cents per share)	**-**	(2.1)¢
Diluted earnings per share (cents per share)	**-**	(2.1)¢

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2020

NOTE 13 BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

Acquisition of AIRR Holdings Limited

On 13 November 2019, Elders acquired AIRR Holdings Limited, a wholesale business based in Shepparton, Victoria, supported by a network of eight warehouses to supply independent retail stores throughout Australia.

Details of the purchase consideration, net assets acquired and goodwill are as follows:

	Provisional fair value recognised by Elders $000
Purchase consideration	
Cash paid	75,037
Shares issued	80,388
	155,425
Cash advance for repayment of AIRR debt facility	21,689
Total purchase consideration	177,114
The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash and cash equivalents	25
Trade and other receivables	56,800
Inventories	48,026
Property, plant and equipment	2,195
Brand name	7,631
Customer intangibles	47,620
Other intangibles	568
Trade and other payables	(41,993)
Provisions	(1,646)
Deferred tax liability - net	(15,438)
Net identifiable assets acquired	103,788
Goodwill on acquisition	73,326
	177,114

The fair value of net identifiable assets acquired above is provisional pending finalisation of fair values.

The goodwill is attributable to the value inherent in AIRR Holdings Limited's geographical footprint and national distribution channel, the workforce of the business and synergies arising from the acquisition which are specific to Elders. Goodwill has been allocated to the Wholesale Network segment. None of the goodwill is expected to be deductible for tax purposes.

The fair value of trade and other receivables is $56.8 million and includes trade receivables with a fair value of $55.6 million. The gross contractual amount for trade receivables due is $56.2 million, of which $0.6 million is expected to be uncollectible.

The results of the acquired business for the period from date of acquisition to 31 March 2020 are detailed in note 11.

Other acquisitions during the period

During the current period, Elders acquired a number of small retail and agency businesses for a total consideration of $2.2 million, including $0.7 million of deferred consideration. These transactions resulted in the recognition of $1.7 million of goodwill. These acquisitions are not material to Elders.

Acquisition-related costs

Acquisition-related costs of $2.9 million are included in other expenses in the consolidated statement of comprehensive income.

Payments for acquisitions through business combinations, net of cash acquired

The cash outflow for payments for acquisitions through business combinations, net of cash acquired represents cash paid in respect of AIRR Holdings Limited, other businesses during the period and repayment of deferred consideration relating to acquisitions from prior periods.

NOTE 14 DISCONTINUED OPERATIONS

In the prior period, Elders sold the Indonesian Feedlot and Abattoir assets and closed the remaining Retail business. Additionally, Elders impaired its investment in Elders Financial Planning Pty Ltd (49% share) as a consequence of Elders Financial Planning exiting its business. As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the 2019 comparative discontinued operations disclosed below has been represented to show the effects of this classification.

	Cont 6 months March 2020 $000	**Disc 6 months March 2020 $000**	**Total 6 months March 2020 $000**	Cont 6 Months March 2019 $000	Disc 6 Months March 2019 $000	Total 6 Months March 2019 $000
Sales revenue	**925,220**	**-**	**925,220**	732,857	4,636	737,493
Cost of sales	**(724,038)**	**-**	**(724,038)**	(562,407)	(4,693)	(567,100)
Gross profit	**201,182**	**-**	**201,182**	170,450	(57)	170,393
Equity accounted profits	**3,041**	**-**	**3,041**	2,826	-	2,826
Distribution expenses	**(125,695)**	**-**	**(125,695)**	(116,773)	(384)	(117,157)
Administration expenses	**(25,709)**	**-**	**(25,709)**	(22,532)	-	(22,532)
Other items of income/(expense)	**(3,107)**	**-**	**(3,107)**	(1,049)	-	(1,049)
Profit/(loss) before borrowing costs and tax expense	**49,712**	**-**	**49,712**	32,922	(441)	32,481
Finance costs	**(4,482)**	**-**	**(4,482)**	(4,189)	(1,439)	(5,628)
Profit/(loss) before tax expense	**45,230**	**-**	**45,230**	28,733	(1,880)	26,853
Income tax benefit/(expense)	**7,644**	**-**	**7,644**	1,953	(560)	1,393
Net profit/(loss) for the period	**52,874**	**-**	**52,874**	30,686	(2,440)	28,246
Net profit/(loss) attributable to non-controlling interest	**(915)**	**-**	**(915)**	(886)	-	(886)
Net profit/(loss) attributable to members of the parent entity	**51,959**	**-**	**51,959**	29,800	(2,440)	27,360
Revenue and expenses						
Sales revenue:						
Sale of goods and biological assets	**756,989**	**-**	**756,989**	582,516	4,636	587,152
Debtor interest associated with sales	**3,773**	**-**	**3,773**	3,257	-	3,257
Interest receivable from related party advances	**2,339**	**-**	**2,339**	1,047	-	1,047
Commission revenue	**162,119**	**-**	**162,119**	146,037	-	146,037
	925,220	**-**	**925,220**	732,857	4,636	737,493
Other (expenses)/income:						
Acquisition/divestments costs	**(3,107)**	**-**	**(3,107)**	-	-	-
IT infrastructure transition	**-**	**-**	**-**	(1,049)	-	(1,049)
	(3,107)	**-**	**(3,107)**	(1,049)	-	(1,049)

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

	March 2020 $000	March 2019 $000
Operating activities	**-**	(2,187)
Investing activities	**-**	2,700
Financing activities	**-**	(171)
Net cash inflow/(outflow)	**-**	342

NOTE 15 RELATED PARTIES

During the half year ended 31 March 2020, Elders received a repayment of $8.0 million on its advance to StockCo Holdings Pty Ltd. As at balance date, Elders has a total receivable from StockCo Holdings Pty Ltd of $24.6 million (September 2019: $31.9 million) and recognised interest revenue of $2.3 million (March 2019: $1.0 million) during the period. Elders also received trail and exclusivity fees of $1.1 million (March 2019: $1.0 million).

As part of the acquisition of AIRR Holdings Limited, Elders assumed property lease contracts and made lease payments (comprising principal and interest) totalling $0.9 million to related entities of the Managing Director of AIRR Holdings Limited during the period from 13 November 2019 to 31 March 2020. At 31 March 2020, there is a right-of-use asset of $11.2 million and lease liability of $11.2 million associated with these property lease contracts. Such transactions are on arm's length commercial terms and procedures are in place to manage any actual or potential conflicts of interest.

Details of other related party relationships are included within note 26 of the 30 September 2019 annual financial statements.

NOTE 16 SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 March 2020, 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 2020 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

I Wilton
Chair

M C Allison
Managing Director

Adelaide
18 May 2020

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) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 March 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

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 gives a true and fair view and 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 Group's financial position as at 31 March 2020 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*.

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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 Group's financial position as at 31 March 2020 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
18 May 2020

Auditor's Independence Declaration

As lead auditor for the review of Elders Limited for the half-year ended 31 March 2020, 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.

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
18 May 2020

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