



Monday, 20 May 2019

Appendix 4D and Financial Statements for the Financial Period Ended 31 March 2019

Elders Limited (ASX: ELD) today reports its results for the half-year ended 31 March 2019.

Attached is the Appendix 4D (Results for announcement to the market), and Financial Statements for the 6 month financial period ended 31 March 2019.

Peter Hastings
Company Secretary

ELDERS LIMITED
APPENDIX 4D (RULE 4.2)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 MARCH 2019

Attached is the report for the half year ended 31 March 2019. The consolidated profit after tax attributable to parent entity shareholders was \$27.4 million (2018: \$41.4 million).

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 March 2019 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 2018 and considered together with public announcements made by Elders Limited during the half year ended 31 March 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

				6 months March 2019 \$000
	Result			
Revenue from continuing operations	down	2%	to	737,519
Profit from continuing operations after tax for the year attributable to members	down	41%	to	27,360
Profit from discontinued operations after tax for the year attributable to members		n/m*		-
Profit after tax for the year attributable to members	down	34%	to	27,360

* 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 2019 \$	March 2018 \$
Net tangible asset backing per ordinary security (116,737,446 ordinary shares)	0.93	1.12

ELDERS LIMITED DIRECTORS' REPORT

The Board of Directors of Elders Limited submits its report in respect of the half year ended 31 March 2019.

DIRECTORS' REPORT

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

M Carroll (Chairman) (appointed 3 September 2018)

M C Allison

R Clubb

D Eilert

I Wilton

J H Ranck (retired 13 December 2018)

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, China and Indonesia.

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.

FINANCIAL REVIEW

Profit and Loss

Profit: Reported and Underlying

<i>\$million</i>	1H FY19	1H FY18	Change
Sales	737.5	749.9	(12.4)
Underlying EBIT			
Australian Network	51.6	61.1	(9.6)
Feed and Processing Services	3.6	3.0	0.6
Corporate Services and Unallocated Costs	(21.7)	(18.4)	(3.3)
Underlying EBIT	33.5	45.8	(12.2)
Finance Costs	(5.6)	(3.5)	(2.2)
Underlying profit before tax	27.9	42.3	(14.4)
Tax	(0.6)	(1.3)	0.7
Non-Controlling Interests	(0.9)	(1.3)	0.4
Underlying profit to shareholders	26.4	39.7	(13.3)
Items excluded from underlying profit	1.0	1.7	(0.7)
Reported profit after tax to shareholders	27.4	41.4	(14.0)
Underlying EBITDA	36.0	47.8	(11.9)

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:

\$million	1H FY19	Commentary
IT infrastructure transition	(1.0)	Finalisation of infrastructure refresh project
Tax asset adjustments	2.0	Mainly relates to recognition of tax losses based on profitability forecasts
Items excluded from underlying profit	1.0	

Key movements in profit by product are:

- Acquisitions predominantly include Titan and other bolt on investments
- Retail down due to reduced summer cropping
- Agency impacted by lower wool volumes, with the Australian wool clip down
- Financial Services margin down on lower Insurance equity earnings
- Feed and Processing Services upside due to higher utilisation at the Killara feedlot
- Costs are up in line with footprint growth and increased expenditure and investment in our digital and technical areas
- Finance costs are up on last year due to a non-cash adjustment on long term liabilities with lower interest rate outlook

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

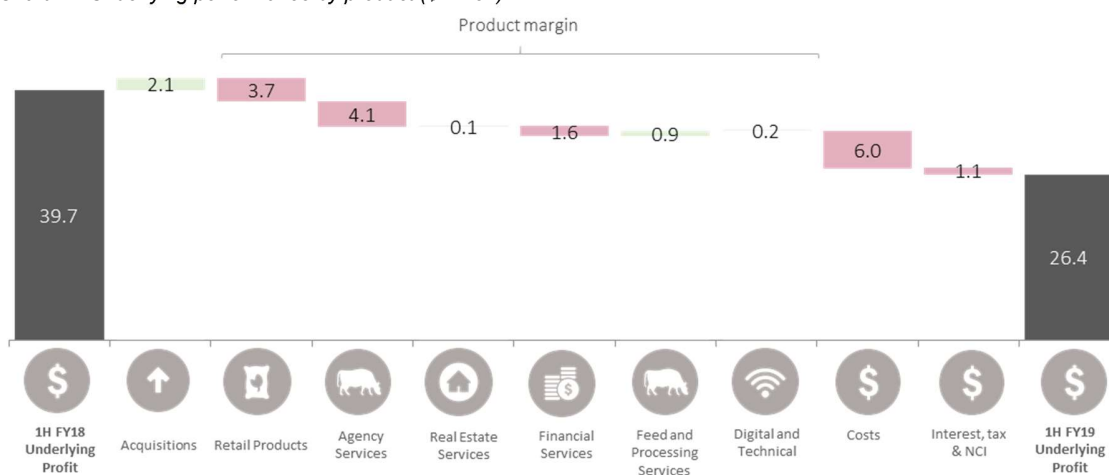
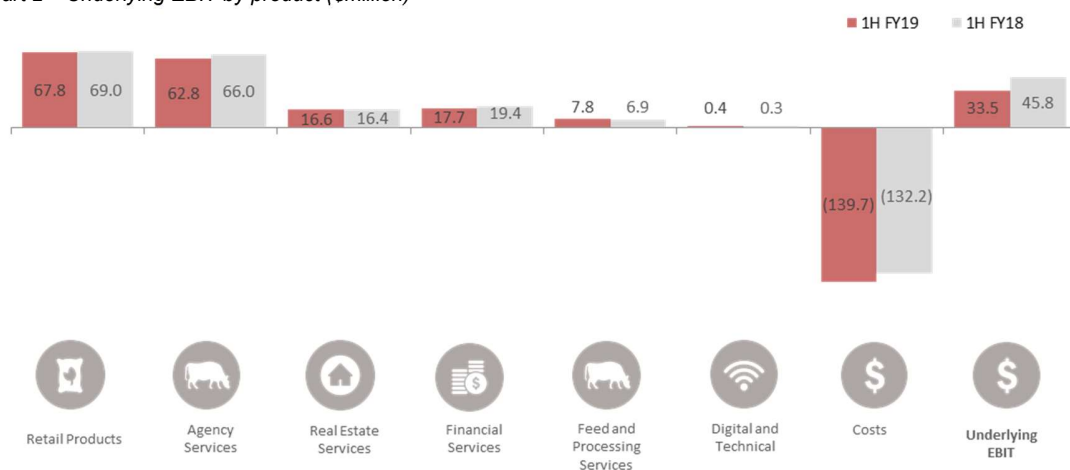


Chart 2 – Underlying EBIT by product (\$million)



ELDERS LIMITED DIRECTORS' REPORT

Key movements in profit by geography are:

- Acquisitions predominantly include Titan and other bolt on investments
- Northern Australia impacted by reduced summer cropping and easing cattle prices
- Southern Australia down on prior period through lower wool volumes and higher costs from significant footprint investment
- Western Australia decline resulting from decreased wool activity and challenging retail conditions
- Corporate and unallocated costs are up with increased expenditure and investment in digital and technology
- Finance costs are up on last year due to a non-cash adjustment on long term liabilities with lower interest rate outlook

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

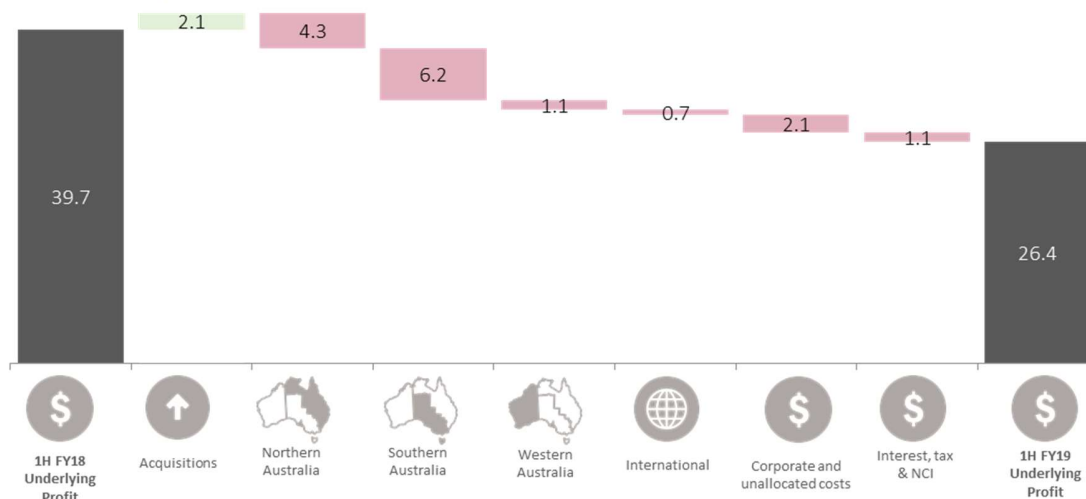
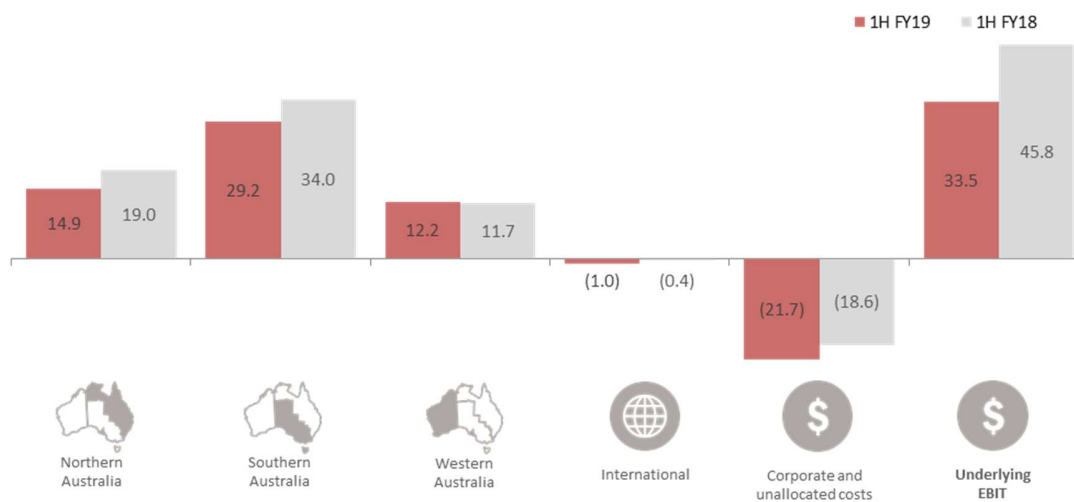


Chart 4 – Underlying EBIT by geography (\$million)



ELDERS LIMITED DIRECTORS' REPORT

Balance Sheet

<i>\$million as at end:</i>	1H FY19	1H FY18	Change
Inventory	190.1	161.4	28.6
Livestock	34.2	40.4	(6.2)
Trade and other receivables	435.4	417.8	17.6
Trade and other payables	(386.4)	(442.5)	56.0
Working Capital	273.2	177.1	96.1
Property, plant and equipment	27.3	30.0	(2.7)
Investments	55.3	55.9	(0.6)
Intangibles	135.9	89.3	46.6
Provisions	(41.3)	(40.5)	(0.8)
Capital (net operating assets)	450.4	311.8	138.7
Borrowings: working capital and other facilities	(206.7)	(159.1)	(47.6)
Cash and cash equivalents	1.8	67.2	(65.5)
Net debt	(204.9)	(91.9)	(113.1)
Tax assets	80.2	66.3	13.8
Shareholders' equity	325.7	286.2	39.4
Underlying return on capital	18.4%	26.2%	(7.8%)
Average capital (excluding brand name)	403.7	292.2	111.5

Working capital

<i>\$million</i>	1H FY19	1H FY18	Change
Retail Products	193.0	138.1	↑ 54.9
Agency Services	45.1	20.8	↑ 24.2
Real Estate Services	1.2	0.8	↑ 0.4
Financial Services	13.4	9.5	↑ 3.9
Feed and Processing Services	50.6	48.3	↑ 2.3
Other	(30.1)	(40.5)	↑ 10.4
Working capital (balance date)	273.2	177.1	↑ 96.1
Working capital (average)	296.3	227.1	↑ 69.2

Capital (net operating assets)

Capital as at March 2019 was \$450.4 million, 44% higher than March 2018. This reflects:

- Both higher working capital and acquisition costs associated with Titan and other acquisitions
- Increased Retail working capital balances due to challenging conditions
- Higher Livestock working capital

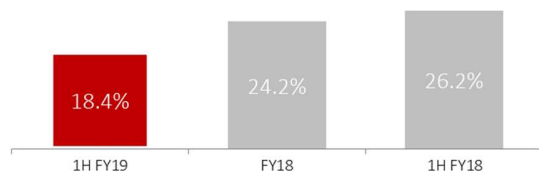
Average working capital increased by \$69.2 million. This reflects:

- Higher capital through backward integration (Titan model) of \$14.0 million
- Seasonal Retail inventory carried forward from delayed winter crop
- Higher Livestock working capital

ELDERS LIMITED DIRECTORS' REPORT

Return on capital

Chart 5 – Underlying return on capital



Elders' underlying return on capital was 18.4% reflecting:

- Recent investment activity performance impeded by unfavourable seasonal conditions
- Expenditure and investment in our digital and technical areas

Net debt

Chart 6 – Net debt



Key ratios	1H FY19	1H FY18	Change
Leverage (average net debt to EBITDA)	2.8	1.9	↑ 0.9
Interest cover (EBITDA to net interest)	10.2	11.7	↓ (1.5)
Gearing (average net debt to closing equity)	61.0%	50.1%	↑ 10.9%

Net debt (excluding Titan) at balance date was \$32 million higher than March last year because of:

- Higher Livestock working capital at balance date

Average net debt (excluding Titan) was \$26 million higher than March last year as a result of:

- Increased Retail balances associated with challenging conditions, including higher inventory of \$19 million
- Higher Livestock working capital of \$20 million

Titan related net debt includes:

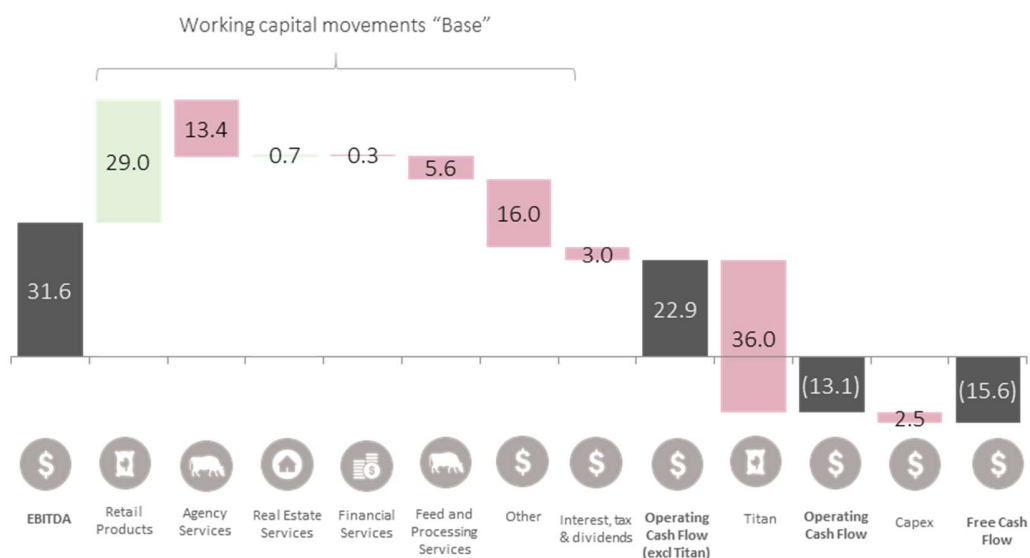
- Backward integration of \$81 million – both acquisition and build-up of inventory to sell in the second half of FY19 (impact on YTD average net debt is \$55 million)

ELDERS LIMITED DIRECTORS' REPORT

Cash Flow

\$million	1H FY19	1H FY18	Change
Operating cash flow	(13.1)	26.1	(39.2)
Investing cash flow	(6.0)	(6.8)	0.8
Financing cash flow	9.2	12.7	(3.5)
Total cash flow	(9.9)	32.1	(41.9)

Chart 7 – Cash flow (\$million)



\$million	Retail Products	Agency Services	Real Estate	Financial Services	Feed & Process	Other	Total
EBITDA adjusted	19.1	17.0	6.4	6.3	5.2	(22.4)	31.6
Movements in assets and liabilities	(8.0)	(16.4)	0.7	(0.3)	(5.6)	(12.0)	(41.7)
Interest, tax and dividends						(3.0)	(3.0)
Operating cash flow	11.1	0.6	7.1	6.0	(0.4)	(37.5)	(13.1)

Operating cash inflow (excluding Titan) of \$22.9 million reflected:

- Positive EBITDA
- Higher Livestock working capital at balance date
- Increased utilisation at Killara feedlot
- Other includes payment of provisions including leave and incentives

Titan related cash flows include:

- Higher working capital at balance date, which will support backward integration initiatives and earnings in the second half as the stock held for winter cropping is sold

Investing outflow of \$6.0 million represents bolt on acquisitions completed in the period

Financing inflow of \$9.2 million represents drawdown on trade receivables funding, offset by dividends distributed to shareholders.

ELDERS LIMITED DIRECTORS' REPORT

REVIEW OF OPERATIONS

Retail Products

Gross Margin (\$m)



Retail margin decreased \$1.2 million (2%) on last year, mainly due to dry conditions particularly across key areas in New South Wales. This resulted in reduced summer crop plantings and production, which has adversely impacted demand for fertiliser and crop protection products.

This was partly offset by earnings from Titan, which has also enhanced retail capability through backward integration.

Agency Services

Gross Margin (\$m) ¹

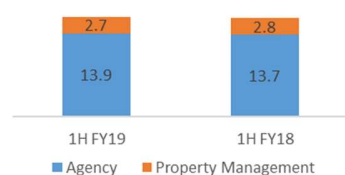


Agency margin declined \$3.1 million (5%) on last year. This was mostly attributable to Wool activity, with reduced bales sold across all geographies.

Livestock margin benefitted from increased volumes for both cattle and sheep, due to dry conditions and lack of feed. Strong demand has lifted sheep prices, while cattle price per head has continued to ease as lighter weight cattle are sold in drought affected areas.

Real Estate Services

Gross Margin (\$m)



Real Estate increased \$0.1 million (1%) on last year, with water broking services providing the majority of the upside.

Despite easing livestock prices and drought conditions limiting supply, farmland property turnover has increased from last year. Residential turnover has remained static.

Financial Services

Gross Margin (\$m) ¹



Financial Services margin is back \$1.6 million (9%) on last year, of which \$1.2 million is attributable to lower equity earnings from the Elders Insurance joint venture.

Agri Finance margin decline was offset by lower costs post enactment of the new Rural Bank distribution agreement.

Feed and Processing Services

Gross Margin (\$m)



Killara feedlot increased by \$0.9 million (13%) on last year, as high utilisation levels combined with improved efficiencies in cattle performance.

Margin pressures continue to adversely impact the international businesses.

¹ includes equity earnings from investments

ELDERS LIMITED DIRECTORS' REPORT

OUTLOOK

In line with the Eight Point Plan and the three-year goal to FY20, we are targeting 5-10% EBIT growth, from 2017, through the agricultural cycle to 2020, while maintaining a return on capital at or above 20%. This EBIT improvement is anticipated to be derived from organic and acquisition growth and continued focus on controlling base costs to offset inflationary increases.

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:

Elders reiterates FY19 guidance and remains confident to deliver:

- Underlying EBIT in the range of \$72 to \$75 million
- Underlying NPAT in the range of \$61 to \$64 million
- Continue to pursue organic growth initiatives and acquisitions

Retail Products

- Winter cropping conditions are expected to be average across most of Australia in the second half
- Titan acquisition benefit will increase earnings in the second half

Agency Services

- Wool margin to be consistent with prior year with low wool production and high prices
- Cattle and sheep volumes expected to be lower due to limited supply, despite footprint expansion
- Sheep prices expected to remain at current high levels due to high demand

Real Estate Services

- Supply of farmland property will continue to be subdued in line with livestock prices, however gains are expected from water broking activities

Financial Services

- New Livestock and Wool in transit delivery guarantee initiative will be launched in the second half
- Full year impact of the new Rural Bank distribution agreement is anticipated to be an increase in EBIT on last year, with gross margin decline more than offset by lower SG&A
- Increased investment through shareholder loans to StockCo will generate greater earnings

Costs and Capital

- Costs are expected to increase in line with footprint growth and continued Eight Point Plan investment
- Continued investment in both digital and technical area and information technology

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.



M Carroll
Chairman



M C Allison
Managing Director

Adelaide
20 May 2019

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2019**

		6 months March 2019 \$000	6 months March 2018 \$000
	Note		
Continuing operations			
Sales revenue	4	737,519	749,876
Cost of sales		(567,126)	(576,249)
Gross profit from continuing operations		170,393	173,627
Equity accounted profits		2,826	4,357
Distribution expenses		(117,577)	(113,570)
Administrative expenses		(22,111)	(18,657)
Finance costs		(5,629)	(3,464)
Other items of expense		(1,049)	-
Profit from continuing operations before income tax benefit		26,853	42,293
Income tax benefit	5	1,393	5,238
Profit from continuing operations after income tax benefit		28,246	47,531
Net loss of discontinued operations, net of tax	12	-	(4,844)
Net profit for the period		28,246	42,687
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(580)	12
Other comprehensive profit/(losses) for the period, net of tax		(580)	12
Total comprehensive income for the period		27,666	42,699
Profit for the period is attributable to:			
Non-controlling interest		886	1,284
Owners of the parent		27,360	41,403
		28,246	42,687
Total comprehensive income for the period is attributable to:			
Non-controlling interest		886	1,284
Owners of the parent		26,780	41,415
		27,666	42,699
Reported operations			
Basic earnings per share (cents per share)	10	23.5 ¢	35.9 ¢
Diluted earnings per share (cents per share)	10	23.1 ¢	35.2 ¢
Continuing operations			
Basic earnings per share (cents per share)	10	23.5 ¢	40.1 ¢
Diluted earnings per share (cents per share)	10	23.1 ¢	39.3 ¢
Discontinued operations			
Basic earnings per share (cents per share)	10	-	(4.2)¢
Diluted earnings per share (cents per share)	10	-	(4.2)¢

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	March 2019 \$000	September 2018 \$000
Note		
Current assets		
Cash and cash equivalents	1,757	11,641
Trade and other receivables	435,404	444,796
Livestock	34,167	32,528
Inventory	190,057	147,757
Assets classified as held for sale	-	3,568
Current tax receivable	71	-
Total current assets	661,456	640,290
Non current assets		
Other financial assets	1,269	1,269
Equity accounted investments	54,063	54,337
Property, plant and equipment	27,306	27,318
Intangibles	135,945	128,991
Deferred tax assets	80,087	78,014
Total non current assets	298,670	289,929
Total assets	960,126	930,219
Current liabilities		
Trade and other payables	373,267	371,907
Interest bearing loans and borrowings	205,601	184,001
Current tax payable	-	1,166
Provisions	38,305	45,856
Total current liabilities	617,173	602,930
Non current liabilities		
Other payables	13,179	12,668
Interest bearing loans and borrowings	1,071	1,074
Provisions	3,022	4,998
Total non current liabilities	17,272	18,740
Total liabilities	634,445	621,670
Net assets	325,681	308,549
Equity		
Contributed equity	1,427,272	1,426,835
Reserves	(27,792)	(26,034)
Retained earnings	(1,074,558)	(1,094,027)
Total parent entity equity interest	324,922	306,774
Non-controlling interests	759	1,775
Total equity	325,681	308,549

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2019**

	6 months March 2019 \$000	6 months March 2018 \$000
Cash flow from operating activities		
Receipts from customers	3,644,701	3,540,082
Payments to suppliers and employees	(3,654,786)	(3,513,144)
Dividends received	3,100	4,196
Interest and other costs of finance paid	(3,785)	(3,075)
Income taxes paid	(2,333)	(1,913)
Net operating cash flows	(13,103)	26,146
Cash flow from investing activities		
Payments for property, plant and equipment	(1,484)	(2,188)
Payments for equity accounted investments	-	(650)
Payments for intangibles	(1,809)	-
Payments for acquisition through business combinations	(4,443)	(4,000)
Proceeds from sale of property, plant and equipment	8	2
Payments associated with sale of controlled entity	(951)	-
Proceeds from sale of feedlot assets	2,700	-
Net investing cash flows	(5,979)	(6,836)
Cash flow from financing activities		
Proceeds from issue of shares, net of costs	-	2,651
Dividends paid	(10,063)	(16,143)
Proceeds of borrowings	21,163	28,463
Partnership profit distributions/dividends paid	(1,902)	(2,225)
Net financing cash flows	9,198	12,746
Net (decrease)/increase in cash held	(9,884)	32,056
Cash at the beginning of the financial period	11,641	35,186
Cash at the end of the financial period	1,757	67,242

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2019**

\$000	Issued capital	Reserves	Retained earnings	Non-controlling interest	Total equity
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
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/(loss):					
Exchange differences on translation of foreign operations	-	12	-	-	12
Total comprehensive income/(loss) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2019

NOTE 1 CORPORATE INFORMATION

The consolidated financial report of Elders Limited for the half year ended 31 March 2019 was authorised for issue in accordance with a resolution of the Directors on 20 May 2019. 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 2019 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 2018.

(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 2018, except for the adoption of new standards and interpretations. As of 1 October 2018, Elder has adopted AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers.

As a result of adopting AASB 9 Financial Instruments Elders has changed the accounting policy for trade receivables, specifically the provisioning for trade debtors where Elders now utilises the expected credit loss model to calculate the provision for doubtful debts. The new policy for provisioning of trade debtors has had no impact to the balance calculated under the previous accounting policy.

The adoption of AASB 15 Revenue from Contracts with Customers has changed Elders' revenue accounting policy through application of the control principle, with revenue now recognised at the point at which control passes to the customer. The adoption has not had any significant impact on the timing of revenue recognition or financial position and performance of Elders.

In regard to AASB 16 Leases (which is effective for Elders beginning 1 October 2019), Elders has further progressed the assessment of the potential impact on its reported assets and liabilities on adoption of AASB 16. This includes completing required data gathering activities, developing system requirements and selecting lease accounting software.

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 of 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 2018 annual financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2019

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2019

NOTE 4 REVENUE AND EXPENSES

	6 Months March 2019 \$000	6 Months March 2018 \$000
Sales revenue		
Sale of goods and biological assets	587,075	596,650
Debtor interest associated with sales	3,257	2,736
Commission revenue	147,187	150,490
	737,519	749,876
<i>Discontinued operations</i>	-	7,609
	737,519	757,485
 Depreciation and amortisation	 (2,429)	 (2,993)

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 2019 \$000	6 months March 2018 \$000
Accounting profit/(loss) before tax from:		
- Continuing operations	26,853	42,293
- Discontinued operations	-	(4,850)
Total accounting profit before tax	26,853	37,443
 Income tax expense at 30% (2018: 30%)	 (8,056)	 (11,233)
 Adjustments in respect of current income tax of previous years	 (241)	 52
Share of equity accounted profits	848	1,307
Non-deductible other expenses	(2,418)	(2,936)
Recognition of previously unrecognised tax losses	10,372	18,194
Other	888	(140)
Income tax benefit/(expense) as reported in the statement of comprehensive income	1,393	5,244
 Aggregate income tax benefit/(expense) is attributable to:		
- Continuing operations	1,393	5,238
- Discontinued operations	-	6
	1,393	5,244

Tax losses

Elders has tax losses for which no deferred tax asset is recognised in the Statement of Financial Position of \$121.1 million (September 2018: \$131.5 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 2019

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 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)
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
Transfer to retained earnings	-	(1,271)	-	(1,271)
As at 31 March 2018	(25,945)	4,230	(5,555)	(27,270)

NOTE 7 DIVIDENDS

On 14 December 2018, Elders paid a fully franked dividend of 9 cents per share. These distributions totalled \$10.5 million (2018: \$17.3 million). The cash outflow was \$10.1 million (2018: 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 25 of the September 2018 financial statements.

NOTE 9 SEGMENT INFORMATION

Identification of reportable segments

Elders has identified its operating segments to be Network, Feed and Processing, 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 sold during the period.
- 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 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 and provision of agency services, with the exception being certain financial services revenue which is recognised over a period of time.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2019**

NOTE 9 SEGMENT INFORMATION

	Network	Feed and Processing	Other	Total
	\$000	\$000	\$000	\$000
6 months ended March 2019				
Sales revenue	641,580	95,504	435	737,519
Equity accounted profits	2,826	-	-	2,826
Earnings before interest, tax, depreciation & amortisation	53,023	4,139	(22,251)	34,911
Depreciation & amortisation	(1,461)	(493)	(475)	(2,429)
Segment result	51,562	3,646	(22,726)	32,482
Corporate interest expense				(5,629)
Profit from ordinary activities before tax				26,853
Segment result	51,562	3,646	(22,726)	32,482
Continuing profit before net borrowing costs and tax expense	51,562	3,646	(22,726)	32,482
Corporate interest expense				(5,629)
Continuing profit before tax expense				26,853
As at 31 March 2019				
Segment assets	739,139	68,388	152,599	960,126
Segment liabilities	(342,575)	(7,997)	(283,873)	(634,445)
Net assets	396,564	60,391	(131,274)	325,681
	Network	Feed and Processing	Other	Total
	\$000	\$000	\$000	\$000
6 months ended March 2018				
Sales revenue	664,865	92,337	283	757,485
Equity accounted profits	4,357	-	-	4,357
Earnings before interest, tax, depreciation & amortisation	62,527	(492)	(18,149)	43,886
Depreciation & amortisation	(1,395)	(1,373)	(225)	(2,993)
Segment result	61,132	(1,865)	(18,374)	40,893
Corporate interest expense				(3,450)
Profit from ordinary activities before tax				37,443
Segment result	61,132	(1,865)	(18,374)	40,893
Discontinued operations results	-	4,864	-	4,864
Continuing profit before net borrowing costs and tax expense	61,132	2,999	(18,374)	45,757
Corporate interest expense				(3,464)
Continuing profit before tax expense				42,293
As at 30 September 2018				
Segment assets	705,166	66,933	158,120	930,219
Segment liabilities	(333,753)	(8,282)	(279,635)	(621,670)
Net assets	371,413	58,651	(121,515)	308,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2019

NOTE 10 EARNINGS PER SHARE

	March 2019	March 2018
Weighted average number of ordinary shares ('000) used in calculating basic EPS	116,515	115,260
Dilutive share options ('000)	1,976	2,410
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	118,491	117,670
	March 2019 \$000	March 2018 \$000
Reported operations		
<i>Basic and dilutive</i>		
Net profit attributable to members (after tax)	27,360	41,403
<i>Reported operations earnings per share:</i>		
Basic earnings per share (cents per share)	23.5 ¢	35.9 ¢
Diluted earnings per share (cents per share)	23.1 ¢	35.2 ¢
Continuing operations		
<i>Basic and dilutive</i>		
Net profit attributable to members (after tax)	27,360	41,403
Less: Net loss of discontinued operations (net of tax)	-	4,844
Net profit of continuing operations (net of tax)	27,360	46,247
<i>Continuing operations earnings per share:</i>		
Basic earnings per share (cents per share)	23.5 ¢	40.1 ¢
Diluted earnings per share (cents per share)	23.1 ¢	39.3 ¢
Discontinued operations		
Net (loss) of discontinued operations (net of tax)	-	(4,844)
<i>Discontinued operations earnings per share:</i>		
Basic earnings per share (cents per share)	-	(4.2)¢
Diluted earnings per share (cents per share)	-	(4.2)¢

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

During the current period, Elders acquired a number of small retail and agency businesses for a total consideration of \$6.1 million, including \$2.7 million of deferred consideration. These transactions resulted in the recognition of \$5.4 million of goodwill. These acquisitions are not material to the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 MARCH 2019

NOTE 12 DISCONTINUED OPERATIONS

Elders' investment in Indonesia's feedlot and abattoir operations was sold during the period. As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the investment has been disclosed as a discontinued operation in the 2018 comparative below.

	Cont 6 months March 2019 \$000	Disc 6 months March 2019 \$000	Total 6 months March 2019 \$000	Cont 6 Months March 2018 \$000	Disc 6 Months March 2018 \$000	Total 6 Months March 2018 \$000
Sales revenue	737,519	-	737,519	749,876	7,609	757,485
Cost of sales	(567,126)	-	(567,126)	(576,249)	(7,981)	(584,230)
Gross profit	170,393	-	170,393	173,627	(372)	173,255
Other revenues	2,826	-	2,826	4,357	-	4,357
Distribution expenses	(117,577)	-	(117,577)	(113,570)	(1,382)	(114,952)
Administration expenses	(22,111)	-	(22,111)	(18,657)	-	(18,657)
Other items of (expense)/income	(1,049)	-	(1,049)	-	(3,110)	(3,110)
Profit/(loss) before borrowing costs and tax expense	32,482	-	32,482	45,757	(4,864)	40,893
Finance costs	(5,629)	-	(5,629)	(3,464)	14	(3,450)
Profit/(loss) before tax expense	26,853	-	26,853	42,293	(4,850)	37,443
Income tax benefit/(expense)	1,393	-	1,393	5,238	6	5,244
Net profit/(loss) for the period	28,246	-	28,246	47,531	(4,844)	42,687
Net profit/(loss) attributable to non-controlling interest	(886)	-	(886)	(1,284)	-	(1,284)
Net profit/(loss) attributable to members of the parent entity	27,360	-	27,360	46,247	(4,844)	41,403
Revenue and expenses						
<i>Sales revenue:</i>						
Sale of goods and biological assets	587,075	-	587,075	596,650	7,609	604,259
Commission and other selling charges	3,257	-	3,257	2,736	-	2,736
Other sales related income	147,187	-	147,187	150,490	-	150,490
	737,519	-	737,519	749,876	7,609	757,485
<i>Other (expenses)/income:</i>						
IT infrastructure transition	(1,049)	-	(1,049)	-	-	-
Gain on divested assets	-	-	-	-	(3,110)	(3,110)
	(1,049)	-	(1,049)	-	(3,110)	(3,110)

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

	March 2019 \$000	March 2018 \$000
Operating activities	-	(2,772)
Investing activities	-	(251)
Financing activities	-	-
Net cash inflow/(outflow)	-	(3,023)

NOTE 13 SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since 31 March 2019 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 2019 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



M Carroll
Chairman



M C Allison
Managing Director

Adelaide
20 May 2019



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 2019, 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 for Elders Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2019 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*.



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 2019 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 stylized, handwritten signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of AG Forman.

AG Forman
Partner

Adelaide
20 May 2019



Auditor's Independence Declaration

As lead auditor for the review of Elders Limited for the half-year ended 31 March 2019, 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
20 May 2019