



**ASX Release – 18 November 2014**

**Ruralco Holdings Ltd 2013/14 Full Year Results**

**Results Summary:**

- Reported net profit after tax (NPAT) of \$10.6m, compared to a profit of \$5.7m for the prior corresponding period (pcp), up 86%.
- Underlying net profit after tax (NPAT) of \$15.5m, an increase of 78% on the pcp.
- Underlying earnings before interest expense, tax and depreciation (EBITDA) of \$43.5m, higher by 45%<sup>1</sup> on the pcp.
- Gross profit of \$257.1m, up 26%<sup>1</sup> compared to the pcp.
- Sales revenue of \$1,355.9m, an increase of 21%<sup>1</sup> on the pcp.
- Net Debt of \$37.9m, lower by 30% on the pcp, with gearing ratio of 17.1%.

Ruralco Holdings Limited today announced a reported NPAT for the full year ended 30 September 2014 of \$10.6m compared to a profit of \$5.7m for the pcp.

Chairman, Richard England, advised that directors have resolved to pay a final dividend of 8 cents per share fully franked which together with the interim dividend of 8 cents per share, is a return of 16 cents per share fully franked for the 2013/14 financial year. The dividend reinvestment plan will apply to this dividend with a record date of 17 December 2014. Further information will be provided to shareholders. Mr England stated that the dividend reflects part year earnings on new investments whereas the new shares issued during the year to acquire these assets will fully participate in both the interim and final dividend.

Managing Director, John Maher, welcomed the 78% lift in underlying NPAT for FY14. "The result emphasises the increasing quality and diversity of our earnings given the sustained drought in Queensland and northern NSW and the dry conditions in the final quarter across much of southern Australia that has seen a reduction in winter crop yield prospects", he said.

Gross profit lifted across most of the business portfolio. Activities which featured in this growth included:

- Rural supplies' sales revenue lift of 14% was more than matched by stronger margins which delivered a 28% increase in gross profit.
- Agency activities also increased gross profit by 19%, headlined by a 33% lift in livestock gross profit. Real estate was also a noteworthy performer in the agency portfolio, lifting gross profit by 11%.
- Water services' 95% lift in gross profit on the pcp included second half benefit from the Total Eden acquisition, however the existing network also increased on the pcp, led by a significant lift from water broking.

Items which negatively impacted results included:

- Bank costs increased by 14%<sup>1</sup> on the pcp;
- CFO and IT costs increased by 20% on the pcp primarily due to increased capability investment.

- Financial services gross profit eased by 5% on the pcg due to the continuing focus on reducing the seasonal finance book (down \$8m on the pcg) in favour of off-balance sheet products. This impact on finance earnings was mitigated by a 22% lift in insurance activity gross profit on the prior period.

## Strategy

Strategically, FY14 was notable for significant investments by Ruralco in water management and live export.

- The acquisition in February 2014 of Total Eden, a leading retailer of water products and designer of end to end water solutions, significantly expands Ruralco's water management platform. Integration of Total Eden into the Group is proceeding well, with identified synergies on track to the original business case and back office, procurement and supply chain consolidation progressing.
- Frontier International commenced live cattle shipments in May and has performed soundly to deliver in excess of 40,000 cattle in the final five months of FY14. The business continues to grow its order pipeline across both feedlot and breeder cattle categories, with potential to increase its dedicated shipping space to meet demand, as required.

The short-term impact on reported profit of the Total Eden acquisition costs and non-recurring establishment costs associated with Frontier was acknowledged, however Mr Maher emphasised the important progression they represent in Ruralco's strategic agenda as the Company expands its activity portfolio to reduce earnings volatility risk and fully leverage its distribution network.

In addition to recruiting several key staff and agents with established profiles in their local markets during the course of FY14, Ruralco also undertook the following specific initiatives to add further capability and span to its existing network:

- The acquisition of the well-established agency business Peter Dargan Livestock, representing the Group in Wangaratta and Corowa (Vic Riverina).
- Commencement of livestock and real estate agency business Northern Livestock & Property, based in Moura (QLD), with our local partners bringing a wealth of experience and established customer relationships to the Group.
- The establishment by Rodwells of greenfield outlets at Cobram (Vic Riverina), Heyfield (Vic Gippsland) and Culcairn (NSW) as well as Territory Rural establishing a Broome (WA) rural supplies branch in association with Total Eden's existing outlet in the region.
- Ruralco also increased its equity stake to 100% in two of our leading agency businesses based respectively on the east coast and WA:
  - Davidson Cameron Group, Ruralco's NSW agency partner with 9 network branches; and,
  - Primaries of WA Group with its sizeable network of livestock, wool and real estate agents servicing clients across the state.

The Group's focus on the existing business also triggered a range of business improvement and portfolio management initiatives:

- Final consolidation of Ruralco's back office functions was completed which, in conjunction with the remainder of the existing network migrating to the SAP common IT platform, is delivering scale, efficiency and network management benefits.
- Following a successful pilot in FY14, Agfarm's *Accelerate* input finance product has been launched in time for the 2015 cereal cropping season. Distributed through Ruralco's branch and agronomy network and with the financial support of Agfarm joint venture partner, CHS Inc, Accelerate enables growers to finance their cropping inputs purchased through Ruralco outlets and then access Agfarm's expertise and products to market their harvested grain.

- Ruralco Water recently released its new electronic water trading platform to the marketplace. Enabling transparent and cost-effective water trades, *Water Exchange* adds a further dimension to Ruralco's range of personal and web-based client services.
- Active management of our asset portfolio also led to the Group realising \$21m from non-strategic asset disposals during FY14, which included: sale of shareholding in Elders Ltd at a price of 23c (\$12m), sale of 50% interest in associate Lachlan Fertilizers (\$4m) and disposal of surplus properties (\$5m).

## Outlook

Mr Maher noted the below-average spring rainfall conditions (excluding some areas of WA) had taken the edge off yield and cash flow prospects for the 2014-15 harvest and the majority of livestock producers would be looking for summer storm activity to replenish dams and feed stock. "The immediate priority is a genuine northern season to relieve drought-affected regions of Queensland and northern NSW given the depleted cattle herds and reduced summer cropping in recent seasons", he said.

"Nevertheless, Australian agribusiness fundamentals continue to be attractive with robust export demand for Australian grain, meat, other fresh produce and breeding stock as well as increased interest in rural properties offering production leverage to these preferred commodities. While the implications of the China Free Trade Agreement are yet to be fully understood, its announcement last night augurs well for Australian agriculture and Ruralco.

Ruralco's increasing diversity of earnings will also assist the Group to maintain its momentum into 1H15 and we anticipate solid contributions from water, live export and grain businesses in the coming months with support from the traditional retail, wholesale and agency operations."

Further information:

John Maher  
Managing Director  
Ph: 0418 687 016

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<sup>1</sup> Underlying reporting % changes on prior year treat Agfarm as an Associate for 2013 to assist comparative reporting

# RURALCO HOLDINGS LIMITED

ABN 40 009 660 879

## APPENDIX 4E

### PRELIMINARY FINAL REPORT IN ACCORDANCE WITH LISTING RULE 4.3A

Full year ended 30 September 2014  
Previous corresponding period – Full year ended 30 September 2013

#### Results for announcement to the market

				<b>\$'000</b>
Revenue from ordinary activities	Up	20%	to	1,355,887
Profit from ordinary activities after tax attributable to members	Up	86%	to	10,565
Net profit for the period attributable to members	Up	86%	to	10,565

	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend	8 cents	8 cents
Interim Dividend	8 cents	8 cents
Previous corresponding period - Final dividend	10 cents	10 cents
- Interim Dividend	10 cents	10 cents
Record date for determining entitlements to the dividend	17 December 2014	
Date Final Dividend is payable	14 January 2014	

It is recommended that this Full Year Report is read in conjunction with the Consolidated Annual Financial Report of Ruralco Holdings Limited as at and for the period ending 30 September 2014.

	<b>2014</b>	<b>2013</b>
<b>Net Tangible Assets</b>		
Net tangible asset backing per ordinary security	\$1.29	\$1.41

**Details of entities over which control has been gained or lost during the period**

During the period the reporting entity gained control of or established the following entities and operations:

Entity	Date	Percentage acquired
Sureseason Australia Pty Limited	6 August 2014	100%
Ruralco Insurance Pty Ltd	18 June 2014	100%
Northern Livestock & Property Pty Ltd	13 May 2014	100%
Total Eden Holdings Pty Limited	28 February 2014	100%
Total Eden McCrackens Group Pty Limited	28 February 2014	100%
Total Eden Pty Limited	28 February 2014	100%
Total Eden NZ Limited	28 February 2014	100%
Peter Dargan Livestock	31 January 2014	100%
Frontier International Northern Pty Limited	13 November 2013	100%
Frontier International Agri Pty Limited	29 October 2013	100%

During the period the reporting entity lost control of the following entities:

Entity	Date	Percentage divested
BR&C Real Estate Pty Limited	5 January 2014	51%
Suncoast Rural Pty Limited	31 July 2013	51%

**Details of transactions impacting entities in which control has not been lost during the period**

During the period the reporting entity entered into the following transactions without losing control:

Entity	Date	Percentage acquired / (divested)
Primaries of WA Pty Ltd	31 August 2014	14%
Northern Rural Group Pty Ltd	1 October 2013	(40%)
Frontier International Agri Pty Ltd	30 June 2014	(30%)

**Details of associates and joint venture entities**

At the end of the period the reporting entity had interests in the following associates and joint venture entities:

Associates (including equity accounted joint ventures)	Percentage held by the group
Western Riverina Fertilisers Pty Ltd	41%
Agfarm Pty Ltd	50%
Agfarm Unit Trust	50%

During the period the reporting entity lost joint control of the following joint ventures:

Entity	Date	Percentage divested
Lachlan Fertilizers Rural Pty Ltd	31 July 2014	50%

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan will apply to this dividend.

**Audit**

The financial report is in the process of being audited.

Susannah Ball  
Acting Company Secretary

18 November 2014

**Ruralco Holdings Limited**  
**Preliminary full year report for the year ended 30 September 2014**

## **Review of Operations**

Ruralco Holdings Limited today reported a net profit after tax (NPAT) attributable to equity holders of \$10.6m for the year ended 30 September 2014. This compares to a profit of \$5.7m for the prior corresponding period (pcp), up 86%.

The result emphasises the increasing quality and diversity of earnings given sustained drought in Queensland and northern NSW and the dry conditions in the final quarter across much of southern Australia that has seen a reduction in winter crop yield prospects.

## **Final Dividend**

A fully franked final dividend of 8 cents per share, with a record date of 17 December 2014, payable to shareholders on 14 January 2015 has been declared by the Directors. The Dividend Reinvestment Plan will operate in respect of the final dividend.

## **Group Performance**

Sales revenue for the year of \$1,355.9m represents a 21%<sup>1</sup> increase on the pcp. Gross profit of \$257.1m was up 26% on the pcp driven by:

- Rural supplies' sales revenue lift of 14% together with stronger margins delivered a 28% increase in gross profit. This reflected the part-year contribution of Total Eden's water products segment and the expanded footprint achieved over the past three years featuring across both the broadacre and horticulture sectors.
- Agency activities increased gross profit by 19%, headlined by a 33% lift in livestock gross profit principally driven by 25% increase in cattle and sheep volume handled.
- Real estate increased gross profit by 11%. The rural property segment generated increased activity levels with beef, dairy and intensive irrigation properties featuring. Regional residential and lifestyle property sales were also consistent, catching onto strength in metropolitan markets.
- Water services' 95% lift in gross profit included second half benefit from the Total Eden acquisition, however the existing network also increased, led by a significant lift from water broking. This was due to greater demand for irrigation water across a number of sectors including rice, almonds, citrus and dairy in response to both increased production planning and drier seasonal conditions.

Negatively impacting results were:

- Bank costs increased by 14%<sup>1</sup> on the pcp;
- CFO and IT costs increased by 20% on the pcp primarily due to increased capability investment.
- Financial services gross profit eased by 5% on the pcp due to the continuing focus on reducing the seasonal finance book (down \$8m on the pcp) in favour of off-balance sheet products. This impact on finance earnings was mitigated by a 22% lift in insurance activity gross profit on the pcp.

Reported NPAT of \$10.6m included net expense of \$4.9m (post tax) related to non-recurring items, with the major items relating to Total Eden acquisition costs and strategy project costs. Other items included restructuring costs resulting from completed consolidation of the back office to the Sydney processing hub, establishment acquisition costs for live export and other network growth initiatives.

## **Activity Performance**

### **Rural Supplies**

Rural Supplies delivered a strong result with sales revenue up 14% to \$1,135m together with stronger margins delivering a 28% increase in gross profit to \$123.1m. This was despite a dry first quarter (Oct – Dec 13) outside of

Tasmania and continuing drought in Queensland and northern New South Wales exacerbated by a poor finish to the southern winter cropping season.

To add further span to the network, Rodwell's established greenfield outlets at Cobram (Vic Riverina), Heyfield (Vic Gippsland) and Culcairn (NSW) and Territory Rural established a Broome (WA) rural supplies branch in association with Total Eden's existing outlet in the region.

## **Agency**

Agency also delivered a strong result with gross profit up 19% on the pcg.

Specific growth initiatives have added further capability and reach to Ruralco's existing agency network including the acquisition of the well-established agency business Peter Dargan Livestock (Wangaratta and Corowa in the Victoria Riverina); the commencement of livestock and real estate agency business Northern Livestock & Property (Moura, Roma and Julia Creek, Queensland); and an increased equity stake to 100% in two leading agency businesses being Davidson Cameron Group with 9 network branches (New South Wales) and Primaries of WA with its sizeable network of livestock, wool and real estate agents (Western Australia).

## *Livestock*

Livestock gross profit was 33% above the pcg. Livestock indicators stabilised at five year averages with median prices and moderating Australian dollar encouraging strong international demand for animal protein. The 25% increase in cattle and sheep volume handled reflected higher activity levels which were geographically spread across the business and reflect ongoing network development in terms of both key staff and customer additions combined with improving grower confidence levels given strong export beef, lamb and live cattle demand.

## *Wool*

Wool gross profit was down 9% on the pcg. Trading conditions for wool broking were challenging with south eastern parts of Australia experiencing a tough first half due to lower average clip sizes and wool received into store but unsold due to weak prices. The Eastern Market Indicator (EMI) was down 11% exacerbated by the production of finer wools, with these products being harder hit by price due to an oversupply in the market. Seasonal conditions have improved in recent months which should have a positive impact on production and pricing for the coming year.

## *Real Estate*

Real Estate gross profit was 11% up on the pcg. An overall increase in average sale prices and slight increase in sales numbers combined to deliver a strong result for the Real Estate business. The rural property segment generated increased activity levels particularly with beef, dairy and intensive irrigation properties. Nationally, regional residential markets continue to show signs of improvement. Ongoing low interest rates, steady employment numbers and a generally healthy economic outlook should continue to support this market segment. Despite continued dry conditions in northern Australia, good growth was generated in the pastoral cattle segment and Northern Territory's residential market.

## **Water Services**

Water Services gross profit was 95% up on the pcg. The Ruralco Water businesses have made a significant contribution throughout the year with an expanded platform arising from the acquisition of Total Eden and the existing network performing strongly with a significant lift in water broking.

The acquisition of the Total Eden business in February 2014 positioned Ruralco as a leading player in the Australian water solutions market, significantly expanding the water management platform. The integration of Total Eden is proceeding well with identified synergies on track to the original business case and back office, procurement and supply chain consolidation progressing.

In May 2014, Ruralco Water upgraded its National Water Exchange platform to include new products such as forward water contracts and permanent entitlement sales. Innovative solutions and continued investment in staff training, has positioned Ruralco Water as a leading player in the provision of water broking services within the Murray Darling Basin.

Margins and gross profit remained steady for the other water services businesses Roberts and Archards Irrigation.

## **Grain Marketing**

Agfarm continued to deliver positive results despite a second year of high grain prices, which diminishes demand for the pooled product, and intense competition. Part of this success lies in a commitment to delivering innovative solutions including an online grain marketing platform.

During the year, Agfarm's new input finance product, Accelerate, was successfully piloted and has been launched in time for the 2015 cereal cropping season. Distributed through Ruralco's branch and agronomy network and with the financial support of Agfarm joint venture partner, CHS Inc, Accelerate enables growers to finance their cropping inputs purchased through Ruralco outlets and then access Agfarm's expertise and products to market their harvested grain.

## ***Financial Services***

Financial Services gross profit of \$14.5m was 5% lower than the pcg due to the continuing focus on reducing the seasonal finance book (down \$8m on the pcg) in favour of off-balance sheet products. This impact on finance earnings was somewhat mitigated by a 22% lift in insurance activity gross profit on the pcg despite

Ag Concepts Unlimited's Mecardo information system continues to occupy a unique position in the marketplace through the provision of comprehensive market analysis to assist farmers with their risk management and decision making.

## ***Live Export***

Live Export gross profit reflects Frontier's solid entry to the market with in excess of 40,000 head live cattle shipped from May 2014 with a significant portion sourced from within the network. The business has received a positive customer response during its first year and is proving its capabilities in livestock procurement, logistics, sales and marketing. The business continues to grow its order pipeline across both feedlot and breeder cattle categories.

## **Portfolio management**

The Group has realised \$21m from non-strategic asset disposals during FY14, which included: sale of shareholding in Elders Ltd at a price of 23cents (\$12m), sale of 50% interest in associate Lachlan Fertilizers (\$4m) and disposal of surplus properties (\$5m).

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## Footnotes

1. For consistent comparison purposes, FY13 prior year reports Agfarm as an Associate. (Agfarm ceased being a controlled entity on 1 August 2013)



**Ruralco Holdings Limited and its controlled entities**

ABN 40 009 660 879

Preliminary full year report for the year ended 30 September 2014

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Consolidated Statement of Profit or Loss and Comprehensive Income**  
**For the Year Ended 30 September 2014**

	Notes	2014 \$'000	2013 \$'000
Revenue	4	1,355,887	1,133,116
Other income	5	357	5,342
Cost of goods sold	6	(1,098,750)	(924,215)
Depreciation and amortisation expenses	6	(7,445)	(5,432)
Personnel expenses	6	(144,937)	(121,355)
Property and equipment expenses		(23,211)	(17,936)
Motor vehicle expenses		(16,496)	(14,713)
Other expenses		(36,834)	(33,671)
<b>Results from operating activities</b>		<b>28,571</b>	<b>21,136</b>
Share of net profits of equity accounted investees		938	817
Finance costs	6	(8,238)	(7,520)
<b>Profit before income tax</b>		<b>21,271</b>	<b>14,433</b>
Income tax expense	7	(7,049)	(3,992)
<b>Profit for the period</b>		<b>14,222</b>	<b>10,441</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value movement in investment in listed equities		6,423	(7,564)
Revaluation of property, plant and equipment		(933)	-
Tax on items that will not be reclassified to profit and loss		(1,647)	2,269
<b>Total items that will not be reclassified to profit and loss</b>		<b>3,843</b>	<b>(5,295)</b>
<i>Items that may be reclassified to profit or loss:</i>			
Changes in the fair value of cash flow hedges		(2,804)	-
Foreign currency translation differences		11	-
Tax on items that may be reclassified to profit or loss		838	-
<b>Total items that may be reclassified to profit or loss</b>		<b>(1,955)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>16,110</b>	<b>5,146</b>
<b>Total profit attributable to:</b>			
Equity holders of the company		10,565	5,738
Non-controlling interests		3,657	4,703
<b>Total profit for the period</b>		<b>14,222</b>	<b>10,441</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		12,453	443
Non-controlling interests		3,657	4,703
<b>Total comprehensive income for the period</b>		<b>16,110</b>	<b>5,146</b>
<b>Earnings per share (cents per share)</b>			
- Basic		15.27	10.49
- Diluted		15.27	10.49

The accompanying notes form part of these consolidated financial statements.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Consolidated Statement of Financial Position**  
**As at 30 September 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	26,890	26,694
Trade and other receivables	332,813	303,724
Inventories	101,040	92,288
Biological assets	7,526	-
Current tax assets	-	2,546
Assets held for sale	1,750	2,528
<b>Total current assets</b>	<b>470,019</b>	<b>427,780</b>
<b>Non-current assets</b>		
Trade and other receivables	7	1,081
Investments in equity accounted investees	8,653	12,929
Other financial assets	229	6,172
Property, plant and equipment	42,815	41,538
Intangible assets	121,978	78,851
Deferred tax assets	13,289	12,136
<b>Total non-current assets</b>	<b>186,971</b>	<b>152,707</b>
<b>Total assets</b>	<b>656,990</b>	<b>580,487</b>
<b>Current liabilities</b>		
Trade and other payables	339,116	316,272
Loans and borrowings	37,673	71,358
Current tax payable	2,856	-
Provisions	16,716	12,213
<b>Total current liabilities</b>	<b>396,361</b>	<b>399,843</b>
<b>Non-current liabilities</b>		
Loans and borrowings	27,159	9,248
Deferred tax liabilities	7,890	8,615
Provisions	3,612	2,784
<b>Total non-current liabilities</b>	<b>38,661</b>	<b>20,647</b>
<b>Total liabilities</b>	<b>435,022</b>	<b>420,490</b>
<b>Net assets</b>	<b>221,968</b>	<b>159,997</b>
<b>Equity</b>		
Share capital	166,289	99,565
Retained earnings	34,483	39,426
Reserves	10,792	7,799
<b>Total equity attributable to equity holders of the Company</b>	<b>211,564</b>	<b>146,790</b>
Non-controlling interests	10,404	13,207
<b>Total equity</b>	<b>221,968</b>	<b>159,997</b>

The accompanying notes form part of these consolidated financial statements.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 30 September 2014**

	Attributable to equity holders of the Company												
	Issued Capital \$'000	Retained Earnings \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Cash flow hedge reserve \$'000	General reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Share based payment reserve \$'000	Reserve for own shares \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
<b>Balance at 1 October 2013</b>	<b>99,565</b>	<b>39,426</b>	<b>2,179</b>	<b>7,809</b>	<b>-</b>	<b>2,800</b>	<b>-</b>	<b>(5,295)</b>	<b>1,284</b>	<b>(978)</b>	<b>146,790</b>	<b>13,207</b>	<b>159,997</b>
<b>Total comprehensive income for the period</b>													
Profit for the period	-	10,565	-	-	-	-	-	-	-	-	10,565	3,657	14,222
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fair value movement in investment in listed entities	-	-	-	-	-	-	-	4,496	-	-	4,496	-	4,496
- Fair value movement in cash flow hedges	-	-	-	-	(1,963)	-	-	-	-	-	(1,963)	-	(1,963)
- Disposal of instruments held at fair value	-	(799)	-	-	-	-	-	799	-	-	-	-	-
- Foreign exchange translation differences	-	-	-	-	-	-	8	-	-	-	8	-	8
- Disposal of property, plant and equipment	-	46	-	(46)	-	-	-	-	-	-	-	-	-
- Revaluations of property, plant and equipment	-	-	-	(653)	-	-	-	-	-	-	(653)	-	(653)
Total comprehensive income for the period	-	9,812	-	(699)	(1,963)	-	8	5,295	-	-	12,453	3,657	16,110
<b>Transactions with owners of the Company recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
- Dividends to owners of the Company	-	(11,654)	-	-	-	-	-	-	-	-	(11,654)	(4,530)	(16,184)
- Issue of ordinary shares	66,724	-	-	-	-	-	-	-	-	-	66,724	-	66,724
- Performance rights reserve	-	-	-	-	-	-	-	-	352	-	352	-	352
Total contributions by and distributions to owners	66,724	(11,654)	-	-	-	-	-	-	352	-	55,422	(4,530)	50,892
<i>Treasury shares</i>													
- Own shares held in trust allocated	-	-	-	-	-	-	-	-	-	-	-	-	-
Total treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Changes in ownership interests in subsidiaries that do not result in a change of control</i>													
- Change in non-controlling interest	-	(3,101)	-	-	-	-	-	-	-	-	(3,101)	(1,930)	(5,031)
Total changes in ownership interests in subsidiaries that do not result in a change of control	-	(3,101)	-	-	-	-	-	-	-	-	(3,101)	(1,930)	(5,031)
Total transactions with owners of the Company	66,724	(14,755)	-	-	-	-	-	-	352	-	52,321	(6,460)	45,861
<b>Balance at 30 September 2014</b>	<b>166,289</b>	<b>34,483</b>	<b>2,179</b>	<b>7,110</b>	<b>(1,963)</b>	<b>2,800</b>	<b>8</b>	<b>-</b>	<b>1,636</b>	<b>(978)</b>	<b>211,564</b>	<b>10,404</b>	<b>221,968</b>

The accompanying notes form part of these consolidated financial statements.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 30 September 2014**

	Attributable to equity holders of the Company												
	Issued Capital \$'000	Retained Earnings \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Cash flow hedge reserve \$'000	General reserve \$'000	currency translation reserve \$'000	Fair value reserve \$'000	Share based payment reserve \$'000	Reserve for own shares \$'000	Total \$'000	Non- controlling Interests \$'000	Total Equity \$'000
<b>Balance at 1 October 2012</b>	<b>99,565</b>	<b>44,792</b>	<b>2,179</b>	<b>7,909</b>	<b>-</b>	<b>2,800</b>	<b>-</b>	<b>-</b>	<b>762</b>	<b>(2,024)</b>	<b>155,983</b>	<b>15,764</b>	<b>171,747</b>
<b>Total comprehensive income for the period</b>													
Profit for the period	-	5,738	-	-	-	-	-	-	-	-	5,738	4,703	10,441
Other comprehensive income													
- Transfer of reserve on sale of property	-	100	-	(100)	-	-	-	-	-	-	-	-	-
- Fair value movement in investment in listed entities	-	-	-	-	-	-	-	(5,295)	-	-	(5,295)	-	(5,295)
Total comprehensive income for the period	-	5,838	-	(100)	-	-	-	(5,295)	-	-	443	4,703	5,146
<b>Transactions with owners of the Company recorded directly in equity</b>													
<i>Contributions by and distributions to owners</i>													
- Dividends to owners of the Company	-	(10,912)	-	-	-	-	-	-	-	-	(10,912)	(7,814)	(18,726)
- Performance rights reserve	-	-	-	-	-	-	-	-	522	-	522	-	522
Total contributions by and distributions to owners	-	(10,912)	-	-	-	-	-	-	522	-	(10,390)	(7,814)	(18,204)
<i>Treasury shares</i>													
- Own shares held in trust	-	(321)	-	-	-	-	-	-	-	1,046	725	-	725
Total treasury shares	-	(321)	-	-	-	-	-	-	-	1,046	725	-	725
<i>Changes in ownership interests in subsidiaries that do not result in a change of control</i>													
- Change in non-controlling interest	-	29	-	-	-	-	-	-	-	-	29	554	583
Total changes in ownership interests in subsidiaries that do not result in a change of control	-	29	-	-	-	-	-	-	-	-	29	554	583
Total transactions with owners of the Company	-	(11,204)	-	-	-	-	-	-	522	1,046	(9,636)	(7,260)	(16,896)
<b>Balance at 30 September 2013</b>	<b>99,565</b>	<b>39,426</b>	<b>2,179</b>	<b>7,809</b>	<b>-</b>	<b>2,800</b>	<b>-</b>	<b>(5,295)</b>	<b>1,284</b>	<b>(978)</b>	<b>146,790</b>	<b>13,207</b>	<b>159,997</b>

The accompanying notes form part of these consolidated financial statements.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended 30 September 2014**

	2014 \$'000	2013 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	1,481,077	1,242,673
Payments to suppliers and employees	(1,460,564)	(1,211,809)
Interest received	7,177	9,292
Bank charges	(3,085)	(1,820)
Interest paid	(5,154)	(5,700)
Income taxes paid	(1,765)	(7,643)
Net cash flows from operating activities	<u>17,686</u>	<u>24,993</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	5,583	1,990
Proceeds from sale of investments	16,620	42
Proceeds from sale of rent roll	-	82
Proceeds from loss of control in subsidiary (Agfarm)	-	151
Proceeds from disposal of shares in subsidiaries	26	678
Proceeds from sale of business	557	-
Net proceeds from the issue of share capital	66,728	-
Distribution from equity accounted investment	723	318
Dividends received	109	181
Payment for property, plant and equipment	(5,722)	(6,236)
Payment for intangible assets	(2,772)	(403)
Purchase of shares in existing subsidiaries	(4,967)	(766)
Acquisition of a subsidiary, net of cash acquired	(57,620)	(9,416)
Net cash flows from/(used in) investing activities	<u>19,265</u>	<u>(13,379)</u>
<b>Cash flows from financing activities</b>		
Loans from/(advanced to) related entities	(306)	1,152
Repayment of finance lease liabilities	(1,727)	(1,186)
Net proceeds from borrowings	21,000	7,959
Net repayments to depositors	(39,538)	(24,246)
Dividends on ordinary shares in the company	(11,654)	(10,912)
Dividends to non-controlling interests	(4,530)	(7,814)
Net cash flows used in financing activities	<u>(36,755)</u>	<u>(35,047)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><b>196</b></u>	<u><b>(23,433)</b></u>
Cash and cash equivalents at beginning of year	26,694	50,127
<b>Cash and cash equivalents at end of year</b>	<u><b>26,890</b></u>	<u><b>26,694</b></u>

The accompanying notes form part of these consolidated financial statements.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 1: REPORTING ENTITY**

Ruralco Holdings Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The consolidated preliminary financial statements of the Company as at and for the year ended 30 September 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates, joint ventures and jointly controlled entities.

The Group is a for profit entity and is primarily involved in the provision of rural supplies and services.

The consolidated annual financial report of the Group as at and for the year ended 30 September 2014 will be available upon request on or about 22 December 2014 from the Company's registered office at 273C Kennedy Drive, Cambridge, Tasmania or at [www.ruralco.com.au](http://www.ruralco.com.au).

**NOTE 2: STATEMENT OF COMPLIANCE**

The preliminary consolidated financial statements have been prepared in accordance with the measurement, recognition and classification elements of the Australian Accounting Standards (AASB's), including other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Corporations Act 2001, for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) Listing Rules.

The preliminary consolidated financial statements do not include all of the information required for a full annual financial consolidated financial report.

The preliminary consolidated financial statements were approved by the Board of Directors on 17 November 2014.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the preliminary consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

***Critical accounting estimates and judgements***

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are as follows:

***Key estimates — Impairment***

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

***Changes in accounting policies***

Except as described below, the accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2013.

The Group has adopted the following new standards and amendments to standards including consequential amendments to other standards with a date of initial application of 1 October 2013:

- AASB 10 – Consolidated financial statements (2011)
- AASB 11 – Joint arrangements
- AASB 12 – Disclosure of interests in other entities
- AASB 13 – Fair value measurements
- AASB 119 – Employee entitlements (2011)

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Changes in accounting policies (continued)***

(i) Subsidiaries

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of AASB 10 (2011), the Group re-assessed the control conclusion for its investees at 1 October 2013 and did not identify any material change to its pre-existing accounting for investees.

(ii) Joint arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has not identified any investment that requires reclassification.

(iii) Fair value measurement

AASB 13 establishes a single source of guidance for measuring the fair value of assets and liabilities, and making disclosures about the fair value measurements when such a measure is required or permitted by other standards (excluding share based payments under AASB 2 - Share based payments and leasing transactions within the scope of AASB 117 - Leases). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under market conditions at the measurement date.

The Group has adopted AASB 13 when valuing livestock and assets and liabilities assumed in business combinations during the period. Further, the Group has re-evaluated the impact of this standard on the carrying amount of land and buildings held at fair value, and derivative financial instruments. There has not been a material change in the carrying amount of these balances as a result of adopting this standard.

(iv) Employee benefits

In the current year, the Group adopted the revised AASB 119 - Employee Benefits, which changed the definition of short term benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employee renders the related service. As a result, of the change, the annual leave liability for the Group's employees with over four weeks of accumulated annual leave is considered to be another long term benefit, when previously it was a short term benefit. The Group's obligation is determined as the amount of future benefit that employees have earned in return for their services in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The Group applied the new policy retrospectively, in accordance with the transitional provision of the standard, however the impact on the statement of financial position was not material and therefore has not been restated.

(v) Prior year restatement

The Group revisited its treatment of rebate revenue and concluded that such income should be recorded on a net basis rather than gross given the underlying nature of the transaction. The comparative period "revenue" and "cost of goods sold" balances have been restated to reflect this treatment. The effect on the 2013 profit or loss and other comprehensive income of the Group is a decrease in "revenue" and "cost of goods sold" by \$25,720,840 respectively. There has been no impact on the Group's 2013 profit for the period. Further, "Receipts from customers" and "Payments to suppliers and employees" on the Consolidated Statement of Cash Flows, and "External revenues" on Note 10 - Segment Reporting, have also been restated to this effect.



**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Newly adopted accounting policies resulting from the acquisition and establishment of new businesses***

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Australian dollars at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operations is neither planned or nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation are recognised in other comprehensive income, and presented in the translation reserve in equity.

(ii) Derivative financial instruments including hedging activities

The Group uses derivative financial instruments (forward currency contracts) to hedge its risk associated with foreign currency fluctuations. Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into, and are subsequently remeasured to fair value. Any attributable transaction costs are recognised in profit and loss as incurred.

The fair value of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Any gains or losses arising from changes in fair value are taken directly to other comprehensive income, except for the ineffective portion of the cash flow hedge which is recognised in profit and loss.

For the purposes of accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction of the foreign currency risk in an unrecognised firm commitment. The Group has cash flow hedges attributable to foreign currency purchases.

The Group formally documents, on initial designation of the derivative as the hedging instrument, the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be highly effective in offsetting changes in fair value of cash flows of hedged items, and whether the actual results of each hedge are within a range of 80 - 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variation in cash flows that ultimately could affect reported profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated within the reserves in equity. The gain or loss to the ineffective portion is recognised immediately in profit or loss.

When a hedged item is a non-financial asset or non-financial liability, the amounts accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period during which the non financial item affects profit or loss.

When a hedging instrument expires, is exercised, sold, terminated, designation is revoked or when a hedge no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Newly adopted accounting policies resulting from the acquisition and establishment of new businesses (continued)***

(iii) Revenue - construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue that can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to survey of work performed. When the outcome of a construction contract can not be measured reliably, contract revenue is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognised as incurred unless they create an asset related to the future contract activity. An expected loss on a contract is recognised immediately in profit and loss.

(iv) Construction contracts in progress

Construction contracts in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at costs plus profits recognised to date less progress billings and recognised losses. Costs includes all expenditure related directly to specific projects and an allocation of fixed and variable overhead incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position.

(v) Biological assets

The Group holds biological assets in the form of livestock. These assets are measured at fair value, which has been determined based upon various assumptions, including livestock prices, less costs to sell. Costs to sell includes all costs that would be necessary to sell the assets, including freight and selling costs. The market value increments or decrements are recorded in profit and loss.

(vi) Revenue - Livestock growth and fair value adjustments

At the end of each quarter and at the end of each reporting date, the group measures livestock at market value. The market value is determined through price movements.

The group recognises the net increments or decrements in the market value of livestock as either other income or expense in profit or loss, determined as:

- the difference between the total net market value of livestock recognised at the beginning of the financial year and the total net market value of livestock recognised at the reporting date; less
- costs expected to be incurred in realising the market value (including freight and selling costs).

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

	2014 \$'000	2013 \$'000
<b>NOTE 4: REVENUE</b>		
Sale of goods and biological assets	1,243,791	1,026,338
Rendering of services	102,104	94,792
Interest revenue	7,176	9,292
Sundry revenue	2,816	2,694
	<u>1,355,887</u>	<u>1,133,116</u>
<b>NOTE 5: OTHER INCOME</b>		
Dividend income	109	181
Gain on disposal of investments	-	23
Change in fair value of biological assets	248	-
Gain on loss of control of subsidiary	-	5,122
Net gain on disposal of property, plant and equipment	-	16
	<u>357</u>	<u>5,342</u>
<b>NOTE 6: EXPENSES</b>		
<b>Cost of goods sold</b>		
Inventory write-downs – hardware & farm machinery	-	(3,032)
Other cost of goods sold	(1,098,750)	(921,183)
Total cost of goods sold	<u>(1,098,750)</u>	<u>(924,215)</u>
<b>Depreciation</b>		
Buildings	(159)	(165)
Leasehold improvements	(689)	(315)
Plant and equipment	(3,688)	(3,166)
Total depreciation	<u>(4,536)</u>	<u>(3,646)</u>
<b>Amortisation</b>		
Application software	(2,240)	(1,404)
Customer relationships	(667)	(380)
Rent rolls	(2)	(2)
Total amortisation	<u>(2,909)</u>	<u>(1,786)</u>
Total depreciation and amortisation	<u>(7,445)</u>	<u>(5,432)</u>
<b>Finance costs</b>		
Bank charges	(3,085)	(1,820)
Interest expense	(5,153)	(5,700)
Total financing costs	<u>(8,238)</u>	<u>(7,520)</u>
<b>Rental expense on operating leases</b>		
Lease payments	(21,436)	(17,761)
Total rental expense on operating leases	<u>(21,436)</u>	<u>(17,761)</u>
<b>Personnel expenses</b>		
Salaries and wages	(119,032)	(100,877)
Contributions to defined contribution plans	(10,789)	(8,901)
Share based payments (equity settled)	(816)	(1,087)
Business restructure costs	(1,078)	(2,142)
All other personnel expenses	(13,222)	(8,348)
Total personnel expenses	<u>(144,937)</u>	<u>(121,355)</u>

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

	2014 \$'000	2013 \$'000
<b>NOTE 7: INCOME TAX</b>		
(a) Income tax expense		
<b>Current tax expense</b>		
Current period	6,724	4,201
Adjustments in respect of current income tax of previous years	(47)	152
	<u>6,677</u>	<u>4,353</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	372	(361)
	<u>372</u>	<u>(361)</u>
Income tax expense	<u>7,049</u>	<u>3,992</u>
The income tax expense calculated for the Group does not include income tax expense on the profit before tax of unit trusts controlled by the Company to the extent non-controlling interests are beneficially entitled to that profit.		
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit for the period before tax	21,271	14,433
Prima facie tax at 30% (2013: 30%)	6,381	4,330
<i>Other items</i>		
Non-controlling interest share of trust profit	(75)	(361)
Other	743	23
	<u>7,049</u>	<u>3,992</u>
<b>NOTE 8: DIVIDENDS</b>		
<b><i>Dividends paid during the year to owners of the Company</i></b>		
Final franked dividend for the year ended 30 September 2013 of 10 cents per fully paid share paid on 20 December 2013 (2013: 10 cents in respect of the year ended 30 September 2012)	5,472	5,441
Interim franked dividend for the year ended 30 September 2014 of 8 cents per fully paid share paid on 27 June 2014 (2013: 10 cents in respect of the year ended 30 September 2013)	6,183	5,471
	<u>11,655</u>	<u>10,912</u>
Franked dividends declared or paid during the year were franked at the tax rate of 30% (2012: 30%)		
<b><i>Dividends not recognised at year end</i></b>		
Since the year end, the directors recommended the payment of a final franked dividend to Ruralco Holdings Limited shareholders of 8 cents per fully paid ordinary share (2013: 10 cents). The aggregate amount of the proposed dividend, expected to be paid on 14 January 2015 out of 2014 profits, but not recognised as a liability at year end is \$6,183,286.	6,183	5,502
<b>NOTE 9: ISSUED CAPITAL</b>		
77,291,069 (2013: 55,019,284) ordinary shares fully paid	166,289	99,565

***Reserve for own shares***

Treasury shares are the Company's own shares, which are held in trust for employees in a special purpose entity. The Company has created the trust for the purpose of holding shares for the benefit of eligible employees who are the beneficial owners of shares in accordance with the Company's employee share plan and forms part of the consolidated group.

At 30 September 2014, the Group held 398,914 (2013: 303,705) of the Company's shares.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 10: SEGMENT REPORTING**

The Group comprises the following operating segments:

- Rural Services which offers livestock agency, wool broking, livestock and related services, water management products and services, rural merchandise, rural machinery service and sales, water broking, real estate operations and stockfeed manufacture, seed and grain marketing.

- Financial Services comprising of finance broking and agricultural risk management services.

	<b>Rural Services</b>		<b>Financial services</b>		<b>Eliminations</b>		<b>TOTAL</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Profit and loss</b>								
External revenues	1,347,241	1,122,455	1,470	1,369	-	-	1,348,711	1,123,824
Interest revenue	6,724	8,822	452	470	-	-	7,176	9,292
Segment revenue	<u>1,353,965</u>	<u>1,131,277</u>	<u>1,922</u>	<u>1,839</u>	<u>-</u>	<u>-</u>	<u>1,355,887</u>	<u>1,133,116</u>
Segment profit/(loss) before income tax	61,916	40,915	370	226	-	-	62,286	41,141
Unallocated expenses								
Corporate overheads							(33,715)	(20,005)
Results from operating activities							28,571	21,136
Interest expense	(3,553)	(2,744)	(1,600)	(2,956)	-	-	(5,153)	(5,700)
Corporate finance costs							(3,085)	(1,820)
Share of profit/(loss) of equity accounted investees	938	817	-	-	-	-	938	817
Income tax expense							(7,049)	(3,992)
Profit for the period							<u>14,222</u>	<u>10,441</u>
<b>Assets</b>								
Segment assets	683,188	606,195	606	949	(78,991)	(65,211)	604,803	541,933
Investment in associates & joint ventures	8,652	12,929	-	-	-	-	8,652	12,929
Unallocated assets							43,535	25,625
Total Assets							<u>656,990</u>	<u>580,487</u>
<b>Liabilities</b>								
Segment liabilities	410,431	421,812	90	257	(27,424)	(47,001)	383,097	375,068
Unallocated liabilities							51,925	45,422
Total Liabilities							<u>435,022</u>	<u>420,490</u>
<b>Other segment information</b>								
Acquisitions of non-current segment assets	8,845	6,736	7	18	-	-	8,852	6,754
Depreciation and amortisation of segment assets	7,431	4,637	14	9	-	-	7,445	4,646
Material non cash expenses other than depreciation and amortisation	-	758	-	-	-	-	-	758

During the financial year there were no changes in segment accounting policies that had a material affect on the segment information.

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most of these assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred tax balances.

**Ruralco Holdings Limited and Controlled Entities**  
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**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

	2014	2013
	\$'000	\$'000

**NOTE 11: FINANCING FACILITIES**

At balance date, the following financing facilities had been negotiated and were available:

Total facilities

- Bank overdraft

- Bank loans

-	2,070
214,875	153,302
214,875	155,372

Facilities used at balance date

- Bank overdraft

- Bank loans

-	-
51,375	30,375
51,375	30,375

Facilities unused at balance date

- Bank overdraft

- Bank loans

-	2,070
163,500	122,927
163,500	124,997

**Bank Loans**

*Bilateral bank loans and overdraft*

These facilities are committed with a guarantor group arrangement and security over the parent company and three subsidiaries. The Multi-Option Facility matures March 2015 and Cash Advance Tranche matures in March 2016, both have options to extend subject to the agreement of the lenders and the borrower. These bank loans are subject to certain financial undertakings as detailed below.

*Deposit Book*

The Board sets the interest rate payable to depositors on a monthly basis. The average effective interest rate on depositors at 30 September 2014 is 4.16% (2013: 3.94%).

**Covenants of financing facilities**

The Group's financing facilities contain undertakings including an obligation to comply at all times with certain financial covenants which require the Group to operate within certain financial ratio threshold levels as well as ensuring that certain subsidiaries contribute minimum threshold amounts of Group EBITDA and Group's Total Assets.

The primary financial covenants which the Group is subject to are an interest cover ratio, working capital ratio, leverage ratio and a minimum tangible net worth.

Financial covenants testing is undertaken and reported to the Board on a monthly basis. Reporting to the financiers occurs quarterly. The Group was in compliance with all its financial covenants as at 30 September 2014.

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended 30 September 2014**

**NOTE 12: BUSINESS COMBINATIONS**

**Acquisition of controlling interest in the following legal entities on the following dates:**

	<b>Percentage acquired</b>	<b>Date acquired</b>
Total Eden Holdings Pty Limited	100.0%	28 February 2014
Total Eden McCrackens Group Pty Limited	100.0%	28 February 2014
Total Eden Pty Limited	100.0%	28 February 2014
Total Eden NZ Limited	100.0%	28 February 2014

**Acquisition of businesses on the following dates:**

Peter Dargan Livestock	100.0%	31 January 2014
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The acquisition of the above-mentioned entities and businesses is consistent with the Group's strategy of broadening its geographic footprint by joining quality agribusinesses and people.

**(i) Summary of acquisition - Total Eden Holdings Group**

**Consideration transferred**

Cash consideration paid on acquisition date	57,379
Delayed consideration at net present value at acquisition effective date	2,683
	<u><u><b>60,062</b></u></u>

**Identifiable assets acquired and liabilities assumed:**

**Assets**

Receivables	20,890
Inventories	15,246
Property, plant and equipment	3,885
Software	1,004
Net tax assets	1,882
Other intangibles recognised upon acquisition	2,340

**Liabilities**

Payables	(19,603)
Provisions	(3,724)
Borrowings	(876)
	<u><u><b>21,044</b></u></u>

**Goodwill**

Fair value of the consideration paid	60,062
Less: Recognised amount of identifiable assets acquired and liabilities assumed	(21,044)
Goodwill	<u><u><b>39,018</b></u></u>

The goodwill is attributable to the knowledge and expertise of the workforce and the location of the business acquired.

The Group incurred acquisition-related costs of \$2,108,464 on legal and due diligence costs. These costs have been included in "Other expenses".

**Ruralco Holdings Limited and Controlled Entities**  
**ABN 40 009 660 879**  
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**NOTE 12: BUSINESS COMBINATIONS (CONTINUED)**

**(ii) Summary of acquisition - Peter Dargan Livestock**

**Consideration transferred**

Cash consideration paid on acquisition date	211
Contingent consideration not yet paid	466
	<u><b>677</b></u>

The Group has included \$466,125 as contingent consideration, which represents its fair value at acquisition date.

**Identifiable assets acquired and liabilities assumed**

**Assets**

Other assets	2
Property, plant and equipment	1

**Liabilities**

Provisions	(41)
	<u><b>(38)</b></u>

**Goodwill**

Fair value of the consideration paid	677
Less: Recognised amount of identifiable assets acquired and liabilities assumed	38
Goodwill on acquisition	<u><b>715</b></u>

The goodwill is attributable to the knowledge and expertise of the workforce and earning potential of the business acquired.

**New Business Established**

	<b>Date established</b>
Frontier International Agri Pty Ltd	29 October 2013
Frontier International Northern Pty Ltd	13 November 2013
Northern Livestock & Property Pty Ltd	13 May 2014
Ruralco Insurance Pty Ltd	18 June 2014
Sureseason Australia Pty Ltd	6 August 2014