



Allied Farmers Ltd

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ALLIED PROFIT GUIDANCE

Allied Farmers Ltd (ALF) is in the process of preparing its financial result for the six months to 31 December 2016, which will be released to the market by the end of February 2017. The directors consider it appropriate to give the market an update. Provisionally the unaudited half year result is an after tax profit of approximately \$0.42m (HY2015 \$0.61)

Typically the Livestock business has ongoing livestock sales which earn commissions with two significant seasonal impacts: calf processing sales in the Spring which impact the first half result; and dairy herd sales in the Autumn which impact the second half result. Due to a combination of several factors such as lower tallies, less favourable US exchange rate and poorer skin prices, the calf processing sales for the six months to December 2016 are 15% lower than the comparative period, with a reduced margin and this has impacted on the interim result. This impact has been partially offset by Livestock commissions for the half being up by 13% largely on the back of improved livestock pricing.

For the second half the dairy herd sales contribute a significant proportion of the profit. Many of these dairy herd sales are contracted well in advance of settlement. To date the forward sales herd contracts due for settlement predominantly in May are significantly ahead of the same time last year and the directors expect that the first half impact will be recovered in the second half.

Garry Bluett

A handwritten signature in black ink, appearing to read "G. Bluett", with a horizontal line underneath.

Chairman