

**ALLIED FARMERS LIMITED  
and Subsidiary Companies**

**Results for announcement to the market**

<b>Reporting Period</b>	Six months to 31 December 2009	
<b>Previous Reporting Period</b>	Six months to 31 December 2008	
	<b>Amount (000s)</b>	<b>Percentage change</b>
<b>Revenue from ordinary activities</b>	\$NZ 53,738	(19.6)%
<b>Profit (loss) for ordinary activities after tax attributable to security holder</b>	\$NZ (15,677)	(229.5)%
<b>Net Profit (loss) attributable to security holder</b>	\$NZ (15,677)	(301.0)%
<b>Interim/Final Dividend</b>	<b>Amount per security</b>	<b>Imputed amount per security</b>
	Not applicable	
	There is currently no dividend reinvestment plan in operation.	
<b>Record Date</b>	Not applicable	
<b>Dividend Payment Date</b>	Not applicable	
<b>Comments</b>	On 18 December 2009 Allied Farmers Limited acquired the finance assets of Hanover Finance Limited and United Finance Limited. A provisional fair value assessment has been performed on the acquired assets and liabilities. The acquisition has been accounted for in the 31 December 2009 accounts using the acquisition method.	
	<b>Amount</b>	<b>Previous corresponding period</b>
<b>Net Tangible Assets per security</b>	7.4 cents	(65.8) cents

## Consolidated Income Statement

Allied Farmers Limited and Subsidiaries  
For the six months ended 31 December 2009 (unaudited)

	Group Dec 2009 6 months \$000	Group Dec 2008 6 months \$000	Parent Dec 2009 6 months \$000	Parent Dec 2008 6 months \$000
<b>Continuing operations</b>				
<b>Revenue</b>				
Sale of goods	26,022	40,104	-	-
Interest and fee income	26,603	26,056	-	-
Operating lease income	169	521	-	-
	<u>52,794</u>	<u>66,681</u>	<u>-</u>	<u>-</u>
Profit on sale of businesses	-	-	-	-
Fair value gain (loss) on derivatives	380	(54)	90	(54)
Other income	564	251	669	859
	<u>944</u>	<u>197</u>	<u>759</u>	<u>805</u>
Total income	<u>53,738</u>	<u>66,878</u>	<u>759</u>	<u>805</u>
<b>Expenses</b>				
Cost of inventory sold	22,189	33,724	-	-
Interest and funding expense	16,063	15,089	2,040	1,814
Rental and operating leases	1,031	882	7	2
Employee benefit expense	7,436	8,374	480	730
Depreciation and amortisation	976	1,125	74	103
Business acquisition costs	5,123	-	5,123	-
Impairment of investment	-	-	4,209	502
Impairment of goodwill	3,841	-	-	-
Increase in provision for impaired assets	4,763	2,990	-	(2,884)
Other operating expenses	7,104	7,934	1,535	762
Total expenses	<u>68,526</u>	<u>70,118</u>	<u>13,468</u>	<u>1,029</u>
Share of profit (loss) from associates	6	(17)	-	-
<b>Loss before income tax</b>	<u>(14,782)</u>	<u>(3,257)</u>	<u>(12,709)</u>	<u>(224)</u>
Income tax credit on continuing operations	895	1,501	1,387	2,196
<b>Net loss for the period from continuing operations</b>	<u>(15,677)</u>	<u>(4,758)</u>	<u>(14,096)</u>	<u>(2,420)</u>
<b>Discontinued operations</b>				
Revenue	-	862	-	46,325
Expenses	-	3	-	43,746
<b>Profit before income tax</b>	-	859	-	2,579
Income tax expense on discontinued operations	-	10	-	-
<b>Net profit for the period from discontinued operations</b>	<u>-</u>	<u>849</u>	<u>-</u>	<u>2,579</u>
<b>Net profit (loss) for the period attributable to the equity holders of the Parent Company</b>	<u>(15,677)</u>	<u>(3,909)</u>	<u>(14,096)</u>	<u>159</u>
<b>Total earnings per share attributable to the equity holders of the Parent Company:</b>				
Basic (cents per share)	(8.5)	(19.2)		
Diluted (cents per share)	(8.5)	(19.2)		
<b>Earnings per share from continuing operations attributable to the equity holders of the Parent Company:</b>				
Basic (cents per share)	(8.5)	(23.3)		
Diluted (cents per share)	(8.5)	(23.3)		
<b>Earnings per share from discontinued operations attributable to the equity holders of the Parent Company:</b>				
Basic (cents per share)	-	4.2		
Diluted (cents per share)	-	4.2		

\* The December 2008 rural operations have been treated as discontinued operations within the Parent December 2008 Income Statement due to the sale of these business activities to Allied Farmers Rural Limited on 30 June 2009. The rural operations are treated as continuing operations within the Group Income Statement.

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## Consolidated Statement of Comprehensive Income

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2009 (unaudited)

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	<b>Group Dec 2009 6 months \$000</b>	<b>Group Dec 2008 6 months \$000</b>	<b>Parent Dec 2009 6 months \$000</b>	<b>Parent Dec 2008 6 months \$000</b>
<b>Net profit (loss) for the period attributable to the equity holders of the Parent Company</b>	<b><u>(15,677)</u></b>	<b><u>(3,909)</u></b>	<b><u>(14,096)</u></b>	<b><u>159</u></b>
<b>Other comprehensive income</b>				
Cash flow hedges (net of tax)	<u>1,947</u>	<u>(3,495)</u>	<u>404</u>	<u>(591)</u>
<b>Other comprehensive income for the period</b>	<b><u>1,947</u></b>	<b><u>(3,495)</u></b>	<b><u>404</u></b>	<b><u>(591)</u></b>
<b>Total comprehensive income for the period attributable to the equity holders of the Parent Company</b>	<b><u>(13,730)</u></b>	<b><u>(7,404)</u></b>	<b><u>(13,692)</u></b>	<b><u>(432)</u></b>

## Consolidated Statement of Changes in Equity

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2009 (unaudited)

Group	Attributable to the equity holders of the Parent Company				Total equity \$000
	Share capital \$000	Retained earnings \$000	Cash flow hedge reserve \$000	Minority interest* \$000	
<b>Opening balance as at 1 July 2008</b>	13,010	14,422	(126)	-	27,306
Comprehensive income					
Net loss for the six months ended 31 December 2008	-	(3,909)	-	-	(3,909)
Cash flow hedge reserve (net of tax)	-	-	(3,495)	-	(3,495)
Total comprehensive income	-	(3,909)	(3,495)	-	(7,404)
Transactions with owners					
Share capital issued	2,222	-	-	-	2,222
Perpetual bonds acquired	-	-	-	13,539	13,539
Share-based payments	(48)	-	-	-	(48)
Distribution to minority interests (net of tax)	-	(274)	-	-	(274)
Total transactions with owners	2,174	(274)	-	13,539	15,439
<b>Closing balance as at 31 December 2008</b>	15,184	10,239	(3,621)	13,539	35,341
Comprehensive income					
Net loss for the six months ended 30 June 2009	-	(30,289)	-	-	(30,289)
Cash flow hedge reserve (net of tax)	-	-	(429)	-	(429)
Total comprehensive income	-	(30,289)	(429)	-	(30,718)
Transactions with owners					
Share capital issued	5,915	-	-	-	5,915
Share-based payments	14	-	-	-	14
Distribution to minority interests (net of tax)	-	(545)	-	-	(545)
Total transactions with owners	5,929	(545)	-	-	5,384
<b>Closing balance as at 30 June 2009</b>	21,113	(20,595)	(4,050)	13,539	10,007
Comprehensive income					
Net loss for the six months ended 31 December 2009	-	(15,677)	-	-	(15,677)
Cash flow hedge reserve (net of tax)	-	-	1,947	-	1,947
Total comprehensive income	-	(15,677)	1,947	-	(13,730)
Transactions with owners					
Share capital issued	175,520	-	-	-	175,520
Share-based payments	14	-	-	-	14
Dividend paid	-	107	-	-	107
Distribution to minority interests (net of tax)	-	(504)	-	-	(504)
Total transactions with owners	175,534	(397)	-	-	175,137
<b>Closing balance as at 31 December 2009</b>	196,647	(36,669)	(2,103)	13,539	171,414

\* Minority interest relates to perpetual bonds issued by Allied Nationwide Finance Limited that are treated as equity instruments for accounting purposes.

**Consolidated Statement of Changes in Equity continued**

<b>Parent</b>	<b>Share capital \$000</b>	<b>Retained earnings \$000</b>	<b>Cash flow hedge reserve \$000</b>	<b>Total equity \$000</b>
<b>Opening balance as at 1 July 2008</b>	13,010	5,906	(126)	18,790
Comprehensive income				
Net loss for the six months ended 31 December 2008	-	159	-	159
Cash flow hedge reserve (net of tax)	-	-	(591)	(591)
Total comprehensive income	-	159	(591)	(432)
Transactions with owners				
Share capital issued	2,222	-	-	2,222
Share-based payments	(48)	-	-	(48)
Total transactions with owners	2,174	-	-	2,174
<b>Closing balance as at 31 December 2008</b>	15,184	6,065	(717)	20,532
Comprehensive income				
Net loss for the six months ended 30 June 2009	-	(8,469)	-	(8,469)
Cash flow hedge reserve (net of tax)	-	-	126	126
Total comprehensive income	-	(8,469)	126	(8,343)
Transactions with owners				
Share capital issued	5,915	-	-	5,915
Share-based payments	14	-	-	14
Total transactions with owners	5,929	-	-	5,929
<b>Closing balance as at 30 June 2009</b>	21,113	(2,404)	(591)	18,118
Comprehensive income				
Net loss for the six months ended 31 December 2009	-	(14,096)	-	(14,096)
Cash flow hedge reserve (net of tax)	-	-	404	404
Total comprehensive income	-	(14,096)	404	(13,692)
Transactions with owners				
Share capital issued	175,520	-	-	175,520
Share-based payments	14	-	-	14
Dividend paid	-	107	-	107
Total transactions with owners	175,534	107	-	175,641
<b>Closing balance as at 31 December 2009</b>	196,647	(16,393)	(187)	180,067

## Consolidated Balance Sheet

Allied Farmers Limited and Subsidiaries  
As at 31 December 2009 (unaudited)

	Group Dec 2009 \$000	Group Jun 2009 \$000	Group Dec 2008 \$000	Parent Dec 2009 \$000	Parent Jun 2009 \$000	Parent Dec 2008 \$000
<b>Equity</b>						
Share capital	196,647	21,113	15,184	196,647	21,113	15,184
Reserves	(38,772)	(24,645)	6,618	(16,580)	(2,995)	5,348
	<b>157,875</b>	<b>(3,532)</b>	<b>21,802</b>	<b>180,067</b>	<b>18,118</b>	<b>20,532</b>
Minority interest	13,539	13,539	13,539	-	-	-
<b>Total equity</b>	<b>171,414</b>	<b>10,007</b>	<b>35,341</b>	<b>180,067</b>	<b>18,118</b>	<b>20,532</b>
<b>Liabilities</b>						
Bank (secured)	2,605	2,614	1,850	-	-	1,850
Trade and other payables	20,350	14,622	19,028	1,165	830	11,763
Borrowings	79,709	35,299	36,418	31,858	33,292	34,427
Provisions	5,283	1,387	1,281	3,928	123	779
Credit enhancement facility	-	-	-	3,298	3,922	-
Derivative financial instruments	4,071	7,209	7,208	627	1,271	1,107
Deposits	295,415	321,217	386,459	-	-	-
Subsidiary company advances (net)	-	-	-	-	853	250
Total liabilities	<b>407,433</b>	<b>382,348</b>	<b>452,244</b>	<b>40,876</b>	<b>40,291</b>	<b>50,176</b>
<b>Total liabilities and shareholders equity</b>	<b>578,847</b>	<b>392,355</b>	<b>487,585</b>	<b>220,943</b>	<b>58,409</b>	<b>70,708</b>
<b>Assets</b>						
Cash and cash equivalents	35,514	48,294	86,340	-	-	23
Trade and other receivables	25,645	19,255	25,921	290	181	1,489
Loans, advances and finance leases	362,638	271,624	302,815	-	-	-
Property inventory	109,037	-	-	-	-	-
Derivative financial instruments	-	-	-	62	62	-
Inventory	4,464	4,890	5,572	-	-	5,572
Assets held for resale	2,214	2,480	1,046	-	-	-
Available-for-sale financial assets	677	188	130	10	10	130
Subsidiary company advances (net)	-	-	-	166,665	-	-
Current taxation	207	206	214	3	3	25
Subsidiary companies (cost)	-	-	-	50,375	54,654	53,996
Investments accounted for using the equity method	217	211	176	-	-	193
Investment property	1,900	1,940	2,000	-	-	-
Property, plant and equipment	10,183	11,636	13,618	3,538	3,499	8,084
Intangible assets	19,792	23,845	43,474	-	-	1,196
Deferred taxation	6,359	7,786	6,279	-	-	-
<b>Total assets</b>	<b>578,847</b>	<b>392,355</b>	<b>487,585</b>	<b>220,943</b>	<b>58,409</b>	<b>70,708</b>

## Consolidated Statement of Cash Flows

Allied Farmers Limited and Subsidiaries

For the six months ended 31 December 2009 (unaudited)

	<b>Group</b> <b>Dec 2009</b> <b>6 months</b> <b>\$000</b>	Group Dec 2008 6 months \$000	<b>Parent</b> <b>Dec 2009</b> <b>6 months</b> <b>\$000</b>	Parent Dec 2008 6 months \$000
<b>Cash Flows from Operating Activities</b>				
<b>Cash was provided from:</b>				
Receipts from customers	29,596	42,653	-	48,706
Interest received	21,041	15,882	-	970
Net decrease in loans and advances*	11,651	41,591	-	-
Deferred tax	-	-	-	1,400
	<u>62,288</u>	<u>100,126</u>	<u>-</u>	<u>51,076</u>
<b>Cash was applied to:</b>				
Payments to suppliers and employees	(38,011)	(48,805)	(1,369)	(42,535)
Interest paid	(12,651)	(11,417)	(1,809)	(3,156)
Tax paid	-	(200)	-	-
	<u>(50,662)</u>	<u>(60,422)</u>	<u>(3,178)</u>	<u>(45,691)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>11,626</u>	<u>39,704</u>	<u>(3,178)</u>	<u>5,385</u>
<b>Cash Flows from Investing Activities</b>				
<b>Cash was provided from:</b>				
Asset sales	1,333	2,131	-	953
Sale of business activity	-	1,500	-	-
Net advances from subsidiaries	-	-	6,113	3,278
Acquisition of subsidiary net of cash acquired	6,207	4,405	(1,313)	(7,837)
Net decrease in accounts receivable acquired	-	3,250	-	-
	<u>7,540</u>	<u>11,286</u>	<u>4,800</u>	<u>(3,606)</u>
<b>Cash was applied to:</b>				
Investments in associates / other	(7)	-	-	-
Purchase of receivable	-	-	-	(750)
Purchase of property, plant and equipment and intangible assets	(283)	(1,822)	(113)	(72)
	<u>(290)</u>	<u>(1,822)</u>	<u>(113)</u>	<u>(822)</u>
<b>Net cash flows from (used in) investing activities</b>	<u>7,250</u>	<u>9,464</u>	<u>4,687</u>	<u>(4,428)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Cash was provided from:</b>				
Borrowings	-	2,000	-	-
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
<b>Cash was applied to:</b>				
Borrowings	(1,549)	(811)	(1,509)	(811)
Distribution to perpetual bond holders	(755)	(408)	-	-
Net (decrease) increase in deposits*	(26,660)	18,116	-	-
Net decrease in commercial paper*	(2,684)	(5,970)	-	-
Net decrease in loan facility acquired	-	(3,000)	-	-
	<u>(31,648)</u>	<u>7,927</u>	<u>(1,509)</u>	<u>(811)</u>
<b>Net cash flows from financing activities</b>	<u>(31,648)</u>	<u>9,927</u>	<u>(1,509)</u>	<u>(811)</u>
Net increase (decrease) in cash and cash equivalents	(12,772)	59,095	-	146
Add opening cash and cash equivalents brought forward	45,681	25,395	-	(1,973)
Ending cash and cash equivalents carried forward	<u>32,909</u>	<u>84,490</u>	<u>-</u>	<u>(1,827)</u>
<b>Cash consists of:</b>				
Cash and cash equivalents (secured) in Consolidated Balance Sheet	(2,605)	(1,850)	-	(1,850)
Cash and cash equivalents in Consolidated Balance Sheet	35,514	86,340	-	23
	<u>32,909</u>	<u>84,490</u>	<u>-</u>	<u>(1,827)</u>

\* These items are respectively netted in the cash flow statement above. The reason for this is that they are significant cash flows that reflect the activities of the Group's customers rather than those of the Group itself.

**Reconciliation of net profit (loss) after tax for the period  
with cash flow from operating activities**

	<b>Group Dec 2009 6 months \$000</b>	Group Dec 2008 6 months \$000	<b>Parent Dec 2009 6 months \$000</b>	Parent Dec 2008 6 months \$000
Net profit (loss) after tax for the period	<b>(15,677)</b>	(3,909)	<b>(14,096)</b>	159
Add (less) non cash items				
Dividends received	-	-	<b>(9)</b>	-
Fair value (gain) loss on derivatives	<b>(380)</b>	54	<b>(90)</b>	54
Depreciation	<b>737</b>	876	<b>74</b>	384
Amortisation of intangibles	<b>239</b>	282	-	132
Bad debt provision / impairment	-	-	-	(2,884)
Impairment of investments	-	-	<b>4,209</b>	503
Impairment of goodwill	<b>3,841</b>	-	-	-
Share based payments	<b>14</b>	(49)	<b>5</b>	(57)
Amortisation of capital notes expenses	<b>75</b>	74	<b>75</b>	74
Share of (profit) loss from associate	<b>(4)</b>	17	-	-
Loss on revaluation of investment property	<b>40</b>	100	-	-
Income tax	-	10	<b>1,387</b>	-
Deferred taxation	<b>(904)</b>	1,358	-	3,596
	<b>3,658</b>	2,722	<b>5,651</b>	1,802
Items classified as investing activities				
Capitalisation of interest earned	<b>(529)</b>	-	-	-
(Profit) loss on asset sales	<b>(67)</b>	(664)	-	(773)
Business acquisition costs	<b>5,123</b>	-	<b>5,123</b>	-
Settlement of amount due from Speirs Group Limited	-	(3,250)	-	-
Recharge to subsidiary	-	-	<b>(186)</b>	-
	<b>4,527</b>	(3,914)	<b>4,937</b>	(773)
Items included in equity				
Income tax benefit on equity items	<b>251</b>	134	-	-
Items classified as financing activities				
Deposit interest capitalised	<b>3,351</b>	2,421	-	-
Movement in working capital				
Decrease (increase) in loans, advances and finance leases	<b>16,065</b>	(160,231)	-	-
(Increase) decrease in deferred fee income	-	0	-	-
Decrease (increase) in deferred brokerage	<b>190</b>	(275)	-	-
Decrease (increase) in trade and other receivables	<b>(1,510)</b>	(9,653)	<b>(109)</b>	(414)
Increase (decrease) in payables	<b>336</b>	7,700	<b>439</b>	3,916
Decrease (increase) in taxation	-	(189)	-	-
Decrease (increase) in inventory	<b>426</b>	695	-	695
Decrease (increase) in property inventory	<b>9</b>	-	-	-
Adjust for increase in working capital items arising from acquisition*	-	204,203	-	-
	<b>15,516</b>	42,250	<b>330</b>	4,197
Net cash inflows from operating activities	<b>11,626</b>	39,704	<b>(3,178)</b>	5,385

\* Working capital assets were acquired by the Group on acquisition of the finance assets of Hanover Finance Limited and United Finance Limited. These are adjusted out of movements in working capital above to reflect the non-cash nature of this acquisition and non-generation of profits from these working capital assets and liabilities acquired.



## Details of Associates and Joint Ventures

Allied Farmers Limited

Items classified as investments in associates

Entity	Principal activity	Interest held
Associated Auctioneers Frankton	Saleyard operators	50.0%
Associated Auctioneers Morrinsville	Saleyard operators	25.0%
Associated Auctioneers Stratford	Saleyard operators	50.0%
Associated Auctioneers Taumarunui	Saleyard operators	50.0%
Associated Auctioneers Te Kuiti	Saleyard operators	33.3%