

## Appendix 4D

### Half year ended 31 March 2018

#### Results for announcement to the market

(Previous corresponding period – Half year ended 31 March 2017)

\$A'000

Revenue from ordinary activities	Up	7.0%	to	\$919,863
Profit from ordinary activities after tax attributable to equity holders of the company	Up	29.2%	to	\$16,054
Net profit for the period attributable to equity holders of the company	Up	29.2%	to	\$16,054

#### Dividend information

Amount per security	Franked amount per security
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##### Interim dividend

9 cents	9 cents
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Record date for determining entitlements to the dividend	1 June 2018
Date interim dividend is payable	19 June 2018

The dividend reinvestment plan will apply to this dividend at nil discount.

#### Net tangible assets

	2018	2017
Net tangible asset backing per ordinary security	\$0.69	\$0.78

#### Additional information

Additional Appendix 4D disclosure requirements can be found in the notes to the half year financial statements and attached thereto.

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

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

<b>Entity</b>	<b>Date</b>	<b>Percentage acquired</b>
Schulz Fertiliser (GJ Schulz Pty Ltd)	1 October 2017	60%
Southern Agricultural Solutions Pty Ltd	4 December 2017	51%
Team Irrigation Pty Ltd	1 March 2018	100%

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

<b>Entity</b>	<b>Date</b>	<b>Percentage divested</b>
WMG Agriservices Pty Ltd	6 October 2017	(53.5%)

During the period the reporting entity established the following entities:

<b>Entity</b>	<b>Date</b>	<b>Percentage acquired</b>
Platinum Livestock & Real Estate Pty Ltd	21 November 2017	60%
QNT Rural Pty Ltd	18 January 2018	100%
QNT Rural Emerald Pty Ltd	18 January 2018	100%

### 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:

<b>Entity</b>	<b>Date</b>	<b>Percentage acquired / (divested)</b>
Southern Australia Livestock Pty Ltd	1 October 2017	(40%)
Davidson Cameron Clydesdale Taylor Pty Ltd	10 November 2017	(16.6%)
CQ Ag Services Pty Ltd	4 February 2018	2.5%
Northern Livestock & Property Pty Ltd	19 February 2018	20.1%

### 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:

<b>Entity</b>	<b>Percentage held by the Group</b>
Agfarm Unit Trust	50%
Ausure Consolidated Brokers Pty Ltd	50%
Western Riverina Fertilisers Pty Ltd	50%

The contribution of such entities to the Company's profit from ordinary activities is not material to an understanding of the report.

This report is based on the consolidated half-year financial statements which have been subject to a review by KPMG.

The accounts are not subject to any review dispute or qualification.

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**Ruralco Holdings Limited**

ABN 40 009 660 879

**Interim Financial Report**

For the half year ended 31 March 2018

## Directors Report

The Directors of Ruralco Holdings Limited (the Company) present their report together with the consolidated interim financial statements for the half year ended 31 March 2018 and the Independent Auditor's Review Report thereon.

### Directors

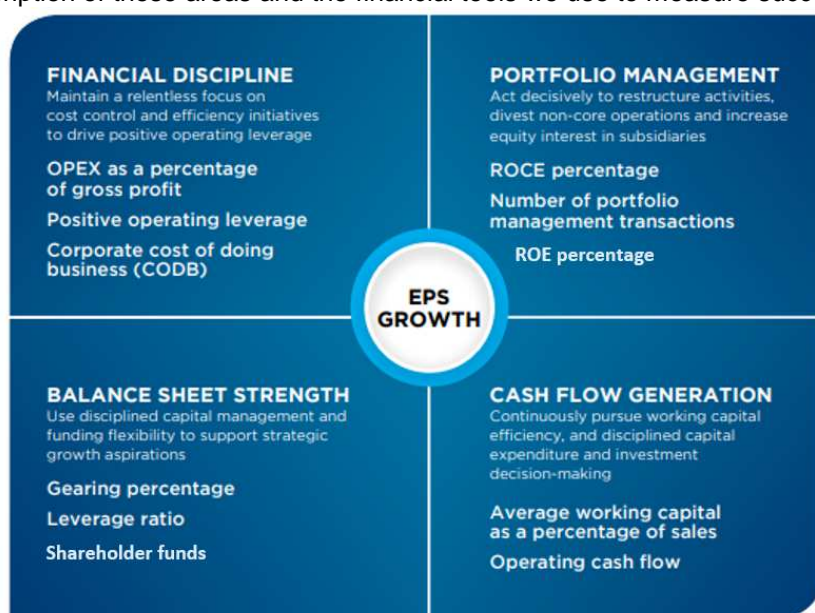
The Directors of the Company at any time during or since the end of the financial half year include:

- Richard (Rick) Lee AM
- Travis Dillon
- Elizabeth Johnstone
- Trudy Vonhoff
- Michael Millner
- Andrew Macpherson (appointed 5 December 2017)

### Review of operations and financial results

#### Performance and focus areas

In order to grow earnings per share and total shareholder returns, we seek to complement our Future Farming Strategy with financial discipline, strong portfolio management, balance sheet strength and cash flow generation. The following diagram sets out a description of these areas and the financial tools we use to measure success:



The Company's performance in these areas during the period are set out on the following pages.

#### Generating long-term shareholder returns

The Company seeks to optimise shareholder returns through EPS and dividend growth. Its dividend policy aims to maintain a dividend payout ratio of between 40% and 60% of underlying earnings per share (EPS). This dividend policy seeks to balance the needs of shareholders and the business with dividends declared reflecting the Company's current and projected cash position, profit generation and available franking credits.

The Board declared a fully franked interim ordinary dividend of 9 cents per share for the six months to 31 March 2018 representing a dividend payout ratio of 56% of underlying EPS. The interim dividend will be paid on 19 June 2018 to shareholders who were on the Company's register at 1 June 2018, the record date for the interim dividend. The Dividend Reinvestment Plan continues to operate in respect of the interim dividend at nil discount.

## Financial discipline

The Company achieved record NPAT<sup>1</sup> of \$16.1 million for the six months ended 31 March 2018, a 29% increase on the previous period. Returns to shareholders also rose, with a 7% increase in EPS to 15.3 cents per share, and a 6.4 percentage point increase in return on equity (ROE<sup>2</sup>) to 9%.

In driving cost base efficiency execution of strategy, certain one-off costs are incurred to achieve long-term aims. For this reason the Company's results are presented on an underlying and reported basis. Underlying measures of profitability provide more useful information on the Company's sustainable earnings base.

The following table sets out a reconciliation of underlying to reported earnings.

Six months ended 31 March	Underlying 2018 \$000	Other adj's <sup>3</sup> 2018 \$000	Significant items 2018 \$000	Reported 2018 \$000	Reported 2017 \$000	Change \$000	Change %
Revenue	918,913	950	-	919,863	859,597	60,266	7%
Gross profit	169,119	950	-	170,069	166,602	3,467	2%
EBITDA <sup>4</sup>	37,076	-	(930)	36,146	31,517	4,628	15%
Depreciation and amortisation expense	(5,903)	-	-	(5,903)	(4,609)	(1,294)	28%
Net finance costs	(2,959)	-	-	(2,959)	(2,977)	18	(1%)
Profit before tax	28,214	-	(930)	27,284	23,930	3,354	14%
Tax	(8,860)	-	279	(8,581)	(7,451)	(1,130)	(15%)
Non-controlling interest	(2,649)	-	-	(2,649)	(4,058)	1,409	(35%)
<b>NPAT attributable to shareholders</b>	<b>16,705</b>	<b>-</b>	<b>(651)</b>	<b>16,054</b>	<b>12,421</b>	<b>3,633</b>	<b>29%</b>
OPEX to Gross Profit %	78.1			78.9	81.0		
Operating leverage	1.6x			2.0x	4.2x		
Corporate CODB	18,860			18,860	16,827		
ROE	10.0%			9.0%	2.6%		
EPS (cents)	16.0			15.3	14.4		

Strong organic growth in the core traditional rural supplies business augmented by incremental earnings from acquisitions in Water Services and Rural Services offset the impact of tough trading conditions in Live Export and the impact of cattle price declines on agency results. The benefit of this earnings diversification delivered an 11% increase in underlying EBITDA to \$37.1 million of which acquisitions contributed \$6.1 million.

Ruralco's underlying NPAT of \$16.7 million represented a 21% increase on the previous period (excluding \$0.9 million (\$0.7 million net of tax) of costs arising from restructuring and cost-out initiatives, activities relating to acquisitions and other portfolio management activities).

Underlying OPEX as a percentage of gross profit decreased 1.8 percentage points to 78.1%, leading to positive operating leverage of 1.6 times. Management believes the continued focus cost to serve efficiency will provide a strong platform for future earnings growth, with a Company target of less than 80% through the cycle.

Ruralco's corporate CODB includes the centralised costs of procurement and distribution warehouses as well as shared service corporate support functions. The corporate CODB increased 12% to \$18.9 million, primarily reflecting increased IT related software licence and hosting costs held centrally following system investments in the current and prior year.

<sup>1</sup> Net profit after tax (NPAT) means reported net profit attributable to equity holders of the Company

<sup>2</sup> ROE means the underlying or reported NPAT divided by the average shareholders' equity on a rolling 12 month basis

<sup>3</sup> Underlying gross profit measured by management includes share of profits from equity accounted investees and excludes sub lease income (presented as an offset to OPEX). No net impact on EBITDA from this presentation adjustment.

<sup>4</sup> Earnings before interest, tax, depreciation & amortisation (EBITDA) means reported earnings before interest, tax, depreciation and amortisation + share of profits from equity accounted investees

## Portfolio management

Decisive action to restructure or divest non-core operations while fulfilling the Company's investment and integration strategic priorities is vital to managing the Group's portfolio of operations.

Further steps have been taken to deliver on the investment and integration strategies by acquiring a number of complementary businesses across the Rural Services and Water Services divisions in the first half of the year.

Two water businesses located in key irrigation centres were acquired. These businesses are Team Irrigation in Dubbo servicing Central West NSW and Hall Irrigation based in Lameroo in South Australia. These businesses provide leading irrigation services in key geographic gaps within the Water Services footprint with the latest Hall Irrigation acquisition growing the South Australian water footprint to four locations from none 12 months ago.

A key strategic aim of Rural Services is to fill the remaining gaps in its retail network. In this period, Southern Ag Solutions, a four branch rural merchandise business in NSW was acquired.

In December 2016 the Group acquired a 50% interest in the Ausure insurance joint venture (Aisure Consolidated Brokers or ACB). On 1 April 2018 this investment has been converted into an investment in our JV partner, Ausure Pty Limited. The conversion of this investment better aligns the Company with Ausure management and the Steadfast Group, providing an expanded footprint and access to an increased earnings capacity.

The Group's portfolio of subsidiaries and joint ventures are continually reviewed to ensure they remain core to the Group's strategy. Consequently the Company divested its 53.5% interest in WMG Agriservices during the period, whilst expanding majority shareholding in two other businesses.

## Balance sheet strength

The Group continues to maintain a strong balance sheet with a disciplined focus on working capital management as strategy is executed. The Company's capital employed is comprised of the following:

	31 Mar 2018 \$000	31 Mar 2017 <sup>6</sup> \$000	30 Sep 2017 \$000	Change vs Mar \$000	Change vs Sep \$000
<b>Total Capital Employed<sup>5</sup> as at</b>					
Trade and other receivables (incl. prepayments) <sup>7</sup>	448,963	438,501	402,877	10,462	46,086
Inventories (incl. biological assets)	178,820	162,728	160,195	16,092	18,625
Trade and other payables (incl. derivative financial instruments)	(450,130)	(437,900)	(429,921)	(12,230)	(20,209)
<b>Net working capital</b>	<b>177,653</b>	<b>163,329</b>	<b>133,151</b>	<b>14,324</b>	<b>44,502</b>
Property, plant and equipment	47,685	43,208	43,966	4,477	3,719
Intangibles	227,029	202,561	214,691	24,468	12,337
Investments in equity accounted investees	18,367	17,219	18,504	1,147	(138)
Net tax items	7,799	12,928	10,162	(5,129)	(2,363)
Other items	(41,673)	(43,608)	(40,167)	1,935	(1,507)
<b>Total capital employed</b>	<b>436,859</b>	<b>395,637</b>	<b>380,307</b>	<b>41,222</b>	<b>56,552</b>
<b>Average working capital % of sales<sup>8</sup></b>	<b>7.8%</b>	<b>7.7%</b>	<b>7.8%</b>		
<b>Underlying ROCE<sup>9</sup></b>	<b>17.0%</b>	<b>14.2%</b>	<b>17.3%</b>		

<sup>5</sup> Presentation reflects the management balance sheet, which is based on different classifications and groupings to those of the financial statements

<sup>6</sup> Given the working capital cycle of the Group, comparisons to 30 September are not indicative of appropriate trends. Therefore financial analysis is provided in comparison to balances as at 31 March 2017

<sup>7</sup> Excludes related party and shareholder loans classified within net debt

<sup>8</sup> Average working capital % of sales means the average working capital for 6 or 12 months divided by revenue for the same period and excludes impact of acquisitions in the current and prior period

<sup>9</sup> Underlying ROCE means the underlying EBITDA divided by average total capital employed with the current period calculation adjusted to exclude the impact of property revaluation gains recognised through equity

## Balance sheet strength (continued)

At the end of the period, working capital had increased 9% to \$177.7 million compared with the 31 March 2017 reflecting the impact of acquisitions and increased crop protection inventory on hand following the dry end to the half. The Company's working capital efficiency measure, average working capital as a percentage of sales increased slightly to 8.0% (31 March 2017: 7.8%), although excluding the impact of acquisitions in both periods, the measure for the underlying business is relatively flat at 7.8%.

Apart from the impact of maintenance capex since 31 March 2017, \$2.4 million of the increase in property, plant and equipment is attributed to revaluation gains (other side recognised through equity) following completion of the triennial revaluation of owned properties in Tasmania.

Total capital employed at the end of the period increased 10% to \$436.9 million, mainly reflecting an increase in goodwill and other intangibles of \$24.5 million from the acquisitions since 31 March 2017 and increased investment in information technology (IT).

The significant improvement in earnings is the primary reason for the growth in underlying ROCE to 17.0% and comes despite the increase in average capital employed.

Net debt increased by \$35.1 million to \$147.3 million reflecting the need for increased working capital due to the business growing in size. At 31 March 2018, the Company had drawn down \$140 million of the Debtor Securitisation Facility and \$9.5 million of the overdraft facility. Ruralco complied with all financial obligations under these facilities throughout the period.

Net debt as at	31 Mar 2018 \$000	31 Mar 2017 \$000	30 Sep 2017 \$000	Change vs Mar \$000	Change vs Sep \$000
Cash and cash equivalents	2,284	21,268	22,789	(18,984)	(20,505)
Overdraft	(9,488)	-	-	(9,488)	(9,488)
Gross drawn debt	(140,000)	(132,354)	(109,590)	(7,646)	(30,410)
Other loans	1,560	263	(1,475)	1,297	3,035
Finance lease liabilities	(1,608)	(1,335)	(1,337)	(273)	(271)
<b>Net debt</b>	<b>(147,251)</b>	<b>(112,158)</b>	<b>(89,653)</b>	<b>(35,093)</b>	<b>(57,598)</b>
<b>Total shareholders' equity</b>	<b>(299,096)</b>	<b>(283,479)</b>	<b>(290,640)</b>	<b>(15,617)</b>	<b>(8,456)</b>
<b>Gearing ratio (r12)<sup>10</sup></b>	<b>28.9%</b>	<b>33.0%</b>	<b>31.1%</b>		
<b>Leverage ratio (r12)<sup>11</sup></b>	<b>1.8x</b>	<b>3.4x</b>	<b>1.9x</b>		

In March 2018, Ruralco renewed its debt facilities and:

- extended the maturity of the \$40 million uncommitted facility and \$180 million debtors securitisation facility to 1 April 2019 and 10 April 2019 respectively.
- extended the maturity of the seasonal cattle facility to May 2019 and decreased the facility limit from \$20 million to \$10 million

FACILITY	MATURITY	DRAWNDOWN/ LIMIT	
Debtors Securitisation Facility	APR 19	140	180
Uncommitted Facility	APR 19	40	
Seasonal Cattle Facility	May 19	10	
Overdraft Facility	APR 19	10	

The Company has significant funds available to pursue acquisitions that align with its stated strategic priorities.

<sup>10</sup> Gearing ratio means the average net debt as a percentage of average net debt plus average shareholders' equity

<sup>11</sup> Leverage ratio means the average net debt divided by reported EBITDA (i.e. including the impact of significant items)

## Cash flow generation

The Group aims to minimise cash on hand while using cash generated from operations to pay down borrowings, fund capital expenditure and bolt-on acquisitions, and ultimately return dividends to shareholders.

<b>Abridged cash flow for the six months ended 31 March</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>Change</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>%</b>
Reported EBITDA	36,146	31,517	4,629	15%
Net change in working capital	(47,539)	(61,251)	13,712	(22%)
Net finance costs	(418)	100	(518)	(518%)
Tax paid	(6,263)	(7,866)	1,603	(20%)
<b>Operating cash flows</b>	<b>(18,074)</b>	<b>(37,500)</b>	19,426	(52%)
Acquisitions & subsidiary investments	(6,742)	(61,223)	54,481	(89%)
Divestments	496	1,273	(777)	(61%)
Capital expenditure	(12,042)	(9,441)	(2,601)	28%
Sale of assets and other	1,290	1,981	(691)	(35%)
<b>Investing cash flows</b>	<b>(16,998)</b>	<b>(67,410)</b>	50,412	(75%)
Dividends paid	(12,611)	(7,121)	(5,490)	77%
Equity raise (net of issue costs)	-	63,312	(63,312)	(100%)
Treasury share purchases	(1,010)	(650)	(360)	55%
Net draw down/(repayment) of borrowings	28,188	65,220	(37,032)	(57%)
<b>Financing cash flows</b>	<b>14,567</b>	<b>120,761</b>	(106,194)	(88%)
<b>Change in cash held</b>	<b>(20,505)</b>	<b>15,851</b>	(36,356)	(229%)

The Group ended the period with cash on hand of \$2.3 million and a bank overdraft of \$9.5 million primarily reflecting the timing of cash receipts and disbursements at the end of the half.

The \$19.4 million improvement in net operating cash outflows reflect a lower outflow from working capital investment post September and improved operating results.

Ruralco retains strong discipline around investment capital expenditure. Potential acquisitions must align with strategy, be earnings accretive and exceed ROCE thresholds.

The current period investing cash outflow of \$17 million includes \$5.7 million for the purchase of Southern Ag Solutions and Team Irrigation acquisitions, and \$1million to increase shareholdings in certain subsidiaries as part of our portfolio management activities.

Capital expenditure of \$12 million in the period included \$7 million invested in IT. This includes \$5.2 million on Program Elevate projects. The remainder related to IT initiatives such as cyber security, website development for the Water Exchange website and the costs of migrating acquired businesses onto SAP. Maintenance capex spending approximated average depreciation and amortisation expense.

Net financing cash inflows of \$14.6 million for the period include the drawdown of the debtors' securitisation facility to fund working capital requirements. Cash used to pay dividends increased, reflecting the significantly higher 2017 financial results compared with the pcp. Net financing cash inflows in the prior period included the impact of the \$65 million of funds received via an equity raise that were used to fund the purchase of a portfolio of acquisitions.



## Auditor's Independence Declaration

The lead auditor's independence is set out on page 7 and forms part of the Directors' Report for the half year ended 31 March 2018.

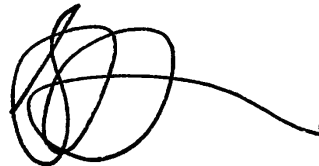
## Rounding of amounts

Ruralco Holdings Limited is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.



**Richard (Rick) Lee AM**  
Chairman



**Travis Dillon**  
Managing Director and CEO

Sydney  
15 May 2018



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Ruralco Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Ruralco Holdings Limited for the half-year ended 31 March 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Anthony Travers

*Partner*

Sydney

14 May 2018

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half Year ended 31 March 2018**

	Notes	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000
Revenue	4	919,863	859,597
Cost of sales		(749,794)	(692,995)
Personnel expenses		(91,709)	(95,088)
Property and equipment expenses		(14,525)	(14,177)
Motor vehicle expenses		(10,415)	(9,986)
Administrative expenses		(5,890)	(5,588)
Data and telephony expenses		(5,522)	(3,951)
Marketing and advertising expenses		(3,586)	(3,305)
Depreciation expense		(3,229)	(2,720)
Amortisation expense		(2,674)	(1,889)
Bad debt expense		(527)	(940)
Net (loss)/gain on disposal of assets		(198)	87
Other expenses		(1,795)	(1,991)
<b>Results from operating activities</b>		<b>29,999</b>	<b>27,054</b>
Share of net profits of equity accounted investees		244	(146)
Bank charges		(447)	(520)
Interest expense		(2,512)	(2,458)
Total finance costs		(2,959)	(2,978)
<b>Profit before income tax</b>		<b>27,284</b>	<b>23,930</b>
Income tax expense	5	(8,581)	(7,451)
<b>Profit for the period</b>		<b>18,703</b>	<b>16,479</b>
<b>Total profit attributable to:</b>			
Equity holders of the company		16,054	12,421
Non-controlling interests		2,649	4,058
<b>Total profit for the period</b>		<b>18,703</b>	<b>16,479</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit and loss</i>			
Revaluations of property, plant and equipment		2,446	(81)
Total items that will not be reclassified to profit and loss		2,446	(81)
<i>Items that may be reclassified to profit and loss</i>			
Changes in the fair value of cash flow hedges		293	37
Foreign currency translation differences		-	1
Total items that may be reclassified to profit and loss		293	38
<b>Total comprehensive income for the period</b>		<b>21,442</b>	<b>16,436</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		18,599	12,378
Non-controlling interests		2,843	4,058
<b>Total comprehensive income for the period</b>		<b>21,442</b>	<b>16,436</b>
<b>Earnings per share (cents per share)</b>			
- Basic	15	15.34	14.36
- Diluted	15	15.34	14.36

The accompanying notes form part of these consolidated interim financial statements.

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Consolidated Interim Statement of Financial Position**  
**As at 31 March 2018**

	Notes	As at 31-Mar-18 \$'000	As at 30-Sep-17 \$'000
<b>Current assets</b>			
Cash and cash equivalents		2,284	22,789
Trade and other receivables		443,162	393,609
Inventories		174,797	141,870
Biological assets		4,023	18,325
Prepayments		6,695	9,937
Derivative financial assets		212	175
<b>Total current assets</b>		<b>631,173</b>	<b>586,705</b>
<b>Non-current assets</b>			
Intangible assets		227,029	214,690
Property, plant and equipment		47,685	43,966
Deferred tax assets		19,664	19,930
Investments in equity accounted investees		18,367	18,504
Trade and other receivables		1,217	857
Other financial assets		155	155
<b>Total non-current assets</b>		<b>314,117</b>	<b>298,102</b>
<b>Total assets</b>		<b>945,290</b>	<b>884,807</b>
<b>Current liabilities</b>			
Trade and other payables		450,050	429,707
Loans and borrowings		1,754	18,323
Employee benefits		22,456	21,584
Contingent consideration		11,117	2,646
Deferred consideration		1,758	322
Restructuring and onerous contract provisions		1,451	2,655
Current tax liabilities		3,799	1,696
Derivative financial instruments		292	389
Make good provision		1,215	48
<b>Total current liabilities</b>		<b>493,892</b>	<b>477,370</b>
<b>Non-current liabilities</b>			
Loans and borrowings		140,405	95,645
Contingent consideration		171	8,642
Deferred consideration		-	736
Deferred tax liabilities		8,066	8,085
Employee benefits		3,119	3,167
Make good provision		541	522
<b>Total non-current liabilities</b>		<b>152,302</b>	<b>116,797</b>
<b>Total liabilities</b>		<b>646,194</b>	<b>594,167</b>
<b>Net assets</b>		<b>299,096</b>	<b>290,640</b>
<b>Equity</b>			
Share capital	8	239,704	238,795
Retained earnings		41,756	34,617
Reserves		8,359	5,389
<b>Total equity attributable to equity holders of the Company</b>		<b>289,819</b>	<b>278,801</b>
Non-controlling interests		9,277	11,839
<b>Total equity</b>		<b>299,096</b>	<b>290,640</b>

The accompanying notes form part of these consolidated interim financial statements.

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Consolidated Interim Statement of Changes in Equity**  
**for the Half Year ended 31 March 2018**

Attributable to equity holders of the Company

	Issued capital \$'000	Retained earnings \$'000	Asset revaluation reserve \$'000	Cash flow hedge reserve \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Reserve for own shares \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>1 October 2016</b>	<b>173,248</b>	<b>23,878</b>	<b>4,228</b>	<b>(123)</b>	<b>(1)</b>	<b>5,566</b>	<b>(4,411)</b>	<b>202,385</b>	<b>8,736</b>	<b>211,121</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	12,421	-	-	-	-	-	12,421	4,058	16,479
Other comprehensive income	-	-	(81)	37	1	-	-	(43)	-	(43)
Total comprehensive income for the period	-	12,421	(81)	37	1	-	-	12,378	4,058	16,436
<b>Transactions with owners recorded directly in equity</b>										
- Dividends to owners of the Company	-	(1,585)	-	-	-	-	-	(1,585)	(5,633)	(7,218)
- Issue of ordinary shares, net of issue costs	63,479	-	-	-	-	-	-	63,479	-	63,479
- Performance rights	-	-	-	-	-	660	-	660	-	660
- Shares purchased and held in trust	-	-	-	-	-	-	(650)	(650)	-	(650)
- Changes in non-controlling interest	-	(1,415)	-	-	-	-	-	(1,415)	1,066	(349)
- Transfer of revaluation to retained earnings on disposal	-	687	(687)	-	-	-	-	-	-	-
Total transactions with owners of the Company	63,479	(2,313)	(687)	-	-	660	(650)	60,489	(4,567)	55,922
<b>31 March 2017</b>	<b>236,727</b>	<b>33,986</b>	<b>3,460</b>	<b>(86)</b>	<b>-</b>	<b>6,226</b>	<b>(5,061)</b>	<b>275,252</b>	<b>8,227</b>	<b>283,479</b>
<b>1 October 2017</b>	<b>238,795</b>	<b>34,617</b>	<b>3,460</b>	<b>(352)</b>	<b>-</b>	<b>6,417</b>	<b>(4,136)</b>	<b>278,801</b>	<b>11,839</b>	<b>290,640</b>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	16,054	-	-	-	-	-	16,054	2,649	18,703
Other comprehensive income	-	-	2,446	99	-	-	-	2,545	194	2,739
Total comprehensive income for the period	-	16,054	2,446	99	-	-	-	18,599	2,843	21,442
<b>Transactions with owners recorded directly in equity</b>										
- Dividends to owners of the Company	-	(6,268)	-	-	-	-	-	(6,268)	(8,752)	(15,020)
- Issue of ordinary shares, net of issue costs	909	-	-	-	-	-	-	909	-	909
- Performance rights	-	-	-	-	-	1,435	-	1,435	-	1,435
- Shares purchased and held in trust	-	-	-	-	-	-	(1,010)	(1,010)	-	(1,010)
- Changes in non-controlling interest	-	(2,647)	-	-	-	-	-	(2,647)	3,347	700
Total transactions with owners of the Company	909	(8,915)	-	-	-	1,435	(1,010)	(7,581)	(5,405)	(12,986)
<b>31 March 2018</b>	<b>239,704</b>	<b>41,756</b>	<b>5,906</b>	<b>(253)</b>	<b>-</b>	<b>7,852</b>	<b>(5,146)</b>	<b>289,819</b>	<b>9,277</b>	<b>299,096</b>

The accompanying notes form part of these consolidated interim financial statements.

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Consolidated Interim Statement of Cash Flows**  
**For the Half Year ended 31 March 2018**

	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	957,948	874,326
Payments to suppliers and employees	(969,341)	(904,060)
Interest received	2,581	3,106
Bank charges	(447)	(393)
Interest paid	(2,552)	(2,613)
Income taxes paid	(6,263)	(7,866)
Net cash flows used in operating activities	<u>(18,074)</u>	<u>(37,500)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	692	1,780
Proceeds from sale of interest in existing subsidiaries	496	860
Proceeds from sale of shares in subsidiary	-	413
Proceeds from sale of intangible assets	-	50
Dividends received	598	151
Payment for property, plant and equipment	(2,633)	(2,179)
Payment for intangible assets	(9,409)	(7,262)
Purchase of equity accounted for investees	-	(7,632)
Purchase of interest in existing subsidiaries	(1,023)	(1,239)
Acquisition of a subsidiary, net of cash acquired	(5,719)	(52,352)
Net cash flows used in investing activities	<u>(16,998)</u>	<u>(67,410)</u>
<b>Cash flows from financing activities</b>		
Loans repaid from related entities	505	540
Repayment of finance lease liabilities	(2,727)	(2,562)
Proceeds from borrowings	287,000	542,242
Repayment of borrowings	(256,590)	(475,000)
Proceeds from issue of share capital	-	65,000
Payment of share issue costs	-	(1,688)
Payment for treasury shares	(1,010)	(650)
Dividends paid to ordinary shareholders in the company	(5,359)	(1,488)
Dividends paid to non-controlling interests	(7,252)	(5,633)
Net cash flows from financing activities	<u>14,567</u>	<u>120,761</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b><u>(20,505)</u></b>	<b><u>15,851</u></b>
Cash and cash equivalents at beginning of period	<u>22,789</u>	<u>5,417</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>2,284</u></b>	<b><u>21,268</u></b>

The accompanying notes form part of these consolidated interim financial statements.

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Interim Financial Statements**  
**for the Half Year ended 31 March 2018**

**1 REPORTING ENTITY**

Ruralco Holdings Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group is a for-profit entity and operates in the agribusiness sector. Its principal activities were the sale and marketing of rural merchandise, fertiliser, water products and financial services products, the provision of agency services in relation to the sale of livestock, wool and real estate to rural and related customers, the provision of water related services including the design, construction, installation and maintenance of irrigation infrastructure and the live export of cattle.

The consolidated annual financial report of the Group as at and for the year ended 30 September 2017 is available upon request from the Company's registered office at Level 5, Building A, 26 Talavera Road, Macquarie Park, NSW, Australia or at [www.ruralco.com.au](http://www.ruralco.com.au).

**2 STATEMENT OF COMPLIANCE**

These consolidated interim financial statements are a general purpose financial report prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

These consolidated interim financial statements do not include all notes of the type normally included within the annual financial report. Accordingly, the interim financial statements should be read in conjunction with the annual financial report of Ruralco Holdings Limited as at 30 September 2017 and any public announcements made by Ruralco Holdings Limited during the half year ended 31 March 2018 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The consolidated interim financial statements were approved by the Board of Directors on 14 May 2018.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding off" of amounts in the financial statements. Amounts in these consolidated interim financial statements have been rounded off in accordance with the Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated.

**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***

***(i) 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 are performed in assessing recoverable amounts, which incorporate a number of key estimates.

***(ii) Fair value***

The Group is required to determine the fair value of land, buildings, held for sale assets, livestock and financial instruments. The estimates and assumptions utilised to derive such values have been described in detail within the annual financial report of Ruralco Holdings Limited as at 30 September 2017.

***Changes in accounting policies***

The accounting policies applied by the Group in these consolidated interim 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 2017.

**Ruralco Holdings Limited**  
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**Notes to the Consolidated Interim Financial Statements**  
**For the Half Year ended 31 March 2018**

	<b>Half Year to 31-Mar-18 \$'000</b>	<b>Half Year to 31-Mar-17 \$'000</b>
<b>4 REVENUE</b>		
Sale of goods	734,545	679,469
Sale of biological assets	93,963	92,364
Agency commission revenue	82,755	78,504
Other commission revenue	4,766	4,983
Interest revenue	2,581	3,106
Sundry revenue	1,253	1,171
	919,863	859,597

**5 INCOME TAX**

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated effective tax rate for the half year ended 31 March 2018 is 31% compared to 31% in the prior corresponding period.

**6 SIGNIFICANT ITEMS**

Profit for the half year includes the following items that are unusual because of their size, nature or incidence:

	<b>Half Year to 31-Mar-18 \$'000</b>	<b>Half Year to 31-Mar-17 \$'000</b>
Restructuring and cost out initiatives	(195)	(623)
Acquisition and portfolio management activities	(735)	(1,214)
	(930)	(1,837)

The tax effect of these items on profit is \$279,000 for the half year to 31 March 2018 (31 March 2017: \$544,000).

**7 DIVIDENDS PAID AND PROPOSED**

**Dividends paid during the half year to owners of the Company**

Final franked dividend for the year ended 30 September 2017 of 6 cents per fully paid share paid on 18 December 2017 (2017: 2 cents in respect of the year ended 30 September 2016).

	<b>Half Year to 31-Mar-18 \$'000</b>	<b>Half Year to 31-Mar-17 \$'000</b>
	6,268	1,585
	6,268	1,585

**Dividends not recognised**

Since 31 March 2018, the directors have recommended the payment of an interim franked dividend to Ruralco Holdings Limited shareholders of 9 cents per fully paid ordinary share (2017: 9 cents). The aggregated amount of the proposed dividend, expected to be paid on 19 June 2018 out of 2018 profits, but not recognised as a liability at 31 March 2018 is \$9,430,163.

	9,430	9,336
	9,430	9,336



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**8 ISSUED CAPITAL**

Movement in number of issued shares:

	<b>As at 31-Mar-18 \$'000</b>	<b>As at 31-Mar-17 \$'000</b>
104,779,593 (March 2017: 103,736,088) ordinary shares fully paid	239,704	236,727
	<b>Number of shares</b>	<b>Issue Price</b>
Opening balance at 1 October 2016	79,259,913	173,248
Dividend reinvestment plan issue of new shares	37,906	\$2.56
Issue of new shares under the Institutional Entitlement Offer and Placement	19,721,696	\$2.66
Issue of new shares under the Retail Offer	4,716,573	\$2.66
Transaction costs arising from issue of shares (net of tax)	-	(1,618)
Closing balance at 31 March 2017	<u>103,736,088</u>	<u>236,727</u>
Opening balance at 1 October 2017	104,464,002	238,795
Dividend reinvestment plan issue of new shares	315,591	\$2.88
Closing balance at 31 March 2018	<u>104,779,593</u>	<u>239,704</u>

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**9 SEGMENT REPORTING**

The Group comprises the following reportable segments:

- Rural Services: offers livestock agency, wool broking, real estate services and sells rural supplies,
- Water Services: supplies and installs water related products, provides irrigation and planning services, broker buying and selling of water entitlements,
- Live Export: supplies feeder and slaughter cattle from Australia to international markets, primarily in South East Asia,
- Financial Services: comprises finance broking and agricultural advisory services. During the current year, the investment in Ausure Ruralco and Agfarm Unit Trust have been moved to be reported under this segment, and
- Corporate & Other: comprises the Group's Corporate shared service functions, Supply Chain and Procurement functions.

	Rural Services		Water Services		Live Export		Financial Services		Corporate & Other		Total	
	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000	Half Year to 31-Mar-18 \$'000	Half Year to 31-Mar-17 \$'000
<b>Results</b>												
Segment revenues	695,713	666,424	128,208	99,682	93,963	91,549	1,761	1,877	218	35	919,863	859,567
Underlying segment gross profit*	131,982	132,790	34,793	27,022	669	4,827	1,593	1,538	82	(433)	169,119	165,744
Share of net profit of equity accounted investees*	3	54	-	-	-	-	241	28	-	-	244	82
Underlying segment EBITDA	47,059	42,465	9,685	6,050	(837)	2,608	28	(917)	(18,859)	(16,852)	37,076	33,354
Depreciation & Amortisation	(2,270)	(2,022)	(1,610)	(1,011)	(8)	(20)	(16)	(59)	(1,999)	(1,497)	(5,903)	(4,609)
Underlying segment EBIT	44,789	40,443	8,075	5,039	(845)	2,588	12	(976)	(20,858)	(18,349)	31,173	28,745
Finance costs											(2,959)	(2,978)
Non-recurring items											(930)	(1,837)
Income tax expense											(8,581)	(7,451)
Profit for the period											18,703	16,479

\* Underlying segment gross profit includes the share of net profit of equity accounted investees. This is also disclosed separately in line with the accounting standard disclosure requirements.

During the period ended 31 March 2018, there were no changes in segment accounting policies that had a material affect on the segment information. Segment profit/loss excludes the impact of non-recurring significant items.

Management have restated prior period comparatives to reflect current period presentation including presenting segment profit measures net of elimination entries and reclassifying revenue and expense items in line with the presentation changes set out in Note 2 B(v) of the 2017 Annual Report.

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**10 FAIR VALUE MEASUREMENT**

**(a) Fair value hierarchy**

The fair values of financial assets and financial liabilities are as follows:

	Level 1 Fair value \$'000	Level 2 Fair value \$'000	Level 3 Fair value \$'000	Total \$'000
<b>31 March 2018</b>				
<i>Assets</i>				
Derivative financial assets used for hedging	212	-	-	212
Biological assets	-	4,023	-	4,023
Land & buildings	-	22,377	-	22,377
	212	26,400	-	26,612
<i>Liabilities</i>				
Derivative financial liabilities used for hedging	(292)	-	-	(292)
Contingent consideration	-	-	(11,288)	(11,288)
	(292)	-	(11,288)	(11,580)
<b>30 September 2017</b>				
<i>Assets</i>				
Derivative financial assets used for hedging	104	-	-	104
Biological assets	-	18,325	-	18,325
Land & buildings	-	19,933	-	19,933
	104	38,258	-	38,362
<i>Liabilities</i>				
Derivative financial liabilities used for hedging	(389)	-	-	(389)
Contingent consideration	-	-	(11,288)	(11,288)
	(389)	-	(11,288)	(11,677)

**Financial instruments carried at fair value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable input used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario.	- Forecast annual revenue growth rate of acquired entities - Forecast EBITDA margin	The estimated fair value would increase / (decrease) if: - the annual revenue growth rate were higher / (lower); and / or - the EBITDA margin were higher / (lower).

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**10 FAIR VALUE MEASUREMENT (Continued)**

**(b) Valuation techniques used to determine fair values**

Specific valuation techniques used to determine fair value include:

- Difference between contract foreign exchange rate and the quoted forward exchange rate for derivative financial instruments
- Cattle fair value is based on the market price of livestock of a similar age, weight, breed and genetic make-up and is determined by reference to Meat & Livestock (MLA) market prices where available
- The use of valuations by external independent valuers for land and buildings
- Contingent consideration - Discounted cash flows valuation model that considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast revenue and EBITDA, the amount to be paid under each scenario and the probability of each scenario.

**(c) Fair value measurement at half year**

The fair value of land and buildings in the current period resulted in a gain of \$2,446,000 being recognised through asset revaluation reserves as at 31 March 2018. The revaluation is in line with the Group's triennial revaluation policy.

The fair value calculation of foreign exchange forward contracts resulted in a gain of \$205,001 being recognised through cash flow hedge reserves as at 31 March 2018 (31 March 2017: gain of \$78,523).

At 31 March 2018 the Group held 4,334 head of cattle (30 September 2017: 19,381). The fair value of biological assets as at 31 March 2018 equated to \$4,023,382 (30 September 2017: \$18,324,661).

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**11 BANK FACILITIES**

The following tables provide details of the components of the bank facilities available to the Group and the amounts utilised at the reporting date:

**31 March 2018**

<b>Facility (\$000)</b>	<b>Maturity</b>	<b>Facility limit</b>	<b>Utilised</b>
Bank overdraft	Apr-19	10,000	9,488
Uncommitted facility	Apr-19	40,000	-
Debtor securitisation facility	Apr-19	180,000	140,000
Seasonal cattle facility	May-19	10,000	-

During the half year the following changes occurred with respect to the Group's bank facilities:

- The uncommitted facility maturity was extended to 13 months from balance date;
- The debtor securitisation facility maturity was extended to 13 months from balance date; and
- Seasonal Cattle Facility, for use by the Live Export business, was extended to May 2019 and the limit was decreased to \$10 million.

The Group's financing facilities contain undertakings including an obligation to comply with certain financial covenants that require the Group to operate within certain financial ratio threshold levels as well as ensuring subsidiaries contribute minimum threshold amounts of the Group's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Group's Total Assets.

The main financial covenants that the Group is subject to under these facilities at each balance sheet reporting date are a deminimus total shareholder equity threshold, interest cover ratio and proforma leverage ratio (adjusted to annualise the expected earnings for acquisitions) maximum that is different at March and September reflecting the differing working capital (and therefore debt) positions of the Group at these two points in time. Financial covenants testing is undertaken and reported to the Board on a monthly basis. The Group has complied with all financial obligations under these facilities throughout the period.

**30 September 2017**

<b>Facility (\$000)</b>	<b>Maturity</b>	<b>Facility limit</b>	<b>Utilised</b>
Bank overdraft	Oct-18	10,000	-
Uncommitted facility	Oct-18	40,000	-
Debtor securitisation facility	Oct-18	180,000	95,000
Seasonal cattle facility	Dec-17	20,000	14,590

During the full year end 30 September 2017 the following changes occurred with respect to the Group's bank facilities:

- The multi option facility maturity was extended to 13 months from balance date and the facility amended to include a \$40 million uncommitted facility and a \$10 million overdraft facility;
- The debtor securitisation facility maturity was extended to 13 months from balance date and the limit was increased to \$180 million from \$150 million; and
- Seasonal Cattle Facility was opened on 27 December 2016 for use by the Live Export business with a limit of \$20 million.

The Group's financing facilities contains undertakings including an obligation to comply at all times with certain financial covenants that require the Group to operate within certain financial ratio threshold levels as well as ensuring subsidiaries contribute minimum threshold amounts of the Group's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Group's Total Assets.

The main financial covenants that the Group is subject to under these facilities at each balance sheet reporting date are a deminimus total shareholder equity threshold, interest cover ratio and proforma leverage ratio (adjusted to annualise the expected earnings for acquisitions) maximum that is different at March and September reflecting the differing working capital (and therefore debt) positions of the Group at these two points in time. Financial covenants testing is undertaken and reported to the Board on a monthly basis. The Group has complied with all financial obligations under these facilities throughout the period.

**Ruralco Holdings Limited**  
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**Notes to the Consolidated Interim Financial Statements**  
**For the Half Year ended 31 March 2018**

**12 BUSINESS COMBINATIONS**

**(a) (i) Acquisitions for the half year ended 31 March 2018**

The Group obtained control of the following businesses during the current year by acquiring 100% of the business assets:

Acquisition of businesses on the following dates and acquisition type:	Percentage acquired	Type	Date acquired
Schulz Fertiliser (GJ Schulz Pty Ltd)	60%	Asset	1 October 2017
Southern Agricultural Solutions Pty Ltd	51%	Asset	4 December 2017
Team Irrigation Pty Ltd	100%	Asset	1 March 2018

The acquisition of the above-mentioned entities and businesses is consistent with the Group's Investment and Integration strategic pillars.

Acquisition accounting for all business combinations carried out during the current period has been determined provisionally to allow the Group sufficient time to form a view as to the value of any separately identifiable net assets acquired.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	Total
Cash	5,699
Deferred consideration	872
	<u>6,571</u>
<b>Identifiable assets acquired and liabilities assumed</b>	
Receivables	869
Inventories	2,272
Property, plant and equipment	995
Other assets	32
Other intangibles	147
Payables	(735)
Provisions	(483)
Other payables	(184)
Deferred revenue	(9)
	<u>2,904</u>
<b>Goodwill on acquisition</b>	<u>3,667</u>

Management have provisionally measured the assets and liabilities acquired at fair value with the remainder of the purchase consideration being allocated to goodwill. The likely nature of identifiable intangibles include brand names and customer relationships. The goodwill has been allocated to the Rural Services and Water CGUs.

**(ii) Acquisitions for the half year ended 31 March 2017**

The Group obtained control of the following entities and businesses during the prior year:

Acquisition of businesses on the following dates:	Date acquired
Great Northern Rural Services (Parkquest Pty Ltd)	3 October 2016
Riverland Irrigation Services Pty Ltd	1 November 2016
Hunter Irrigation (Tritab Pty Ltd)	1 November 2016
Ausure Ruralco Pty Ltd (formerly Ausure Consolidated Brokers Pty Ltd)	1 December 2016
Water Trading Australia Pty Ltd	1 December 2016
Newham Rural Supplies Pty Ltd	1 February 2017
Mildura Irrigation Centre Pty Ltd	1 February 2017
W. John Pearson & Co Pty Ltd	1 February 2017
TP Jones Pty Ltd	1 March 2017
Irrigation Tasmania Pty Ltd	1 March 2017
River Rain (Agriexchange Pty Ltd)	1 March 2017
The Professionals (Waters & Atkin Rural Pty Ltd)	1 March 2017

The acquisition of the above-mentioned entities and businesses is consistent with the Group's strategy of broadening its geographic footprint in key markets, undertaking a step change in the Group's Financial Services business and building on the Group's market leading position in Water.

**(b) New businesses established**

2018	Date established
Platinum Livestock and Real Estate Pty Ltd	21 November 2017
QNT Rural Pty Ltd	18 January 2018
QNT Rural Emerald Pty Ltd	18 January 2018
<b>2017</b>	<b>Date established</b>
Roberts Irrigation Pty Ltd	1 July 2017
Primaries Esperance Pty Ltd	4 July 2017

**(c) Disposal of operations**

**2018**

On 6 October 2017, the Group disposal of its 53.5% interest in WMG Agriservices Pty Ltd. \$421,000 of proceeds were received for the interest in the business resulting in a \$383,000 loss on disposal.

**2017**

On 28 February 2017, the Group disposed of its 100% interest in Tasmania Farm Equipment Pty Ltd. \$2,072,186 of proceeds were received for the interest in the business resulting in a \$1,794,000 loss impact on disposal.

**Ruralco Holdings Limited**  
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**Notes to the Consolidated Interim Financial Statements**  
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**13 COMMITMENTS AND CONTINGENCIES**

**(a) Operating lease commitments**

*Leases as lessee*

The Group leases a number of office, warehouse and saleyard facilities under operating leases. The leases vary considerably in lease terms, with the majority for a period of three to five years, with options to renew the leases for a further three to five years. Lease payments increase according to the various lease agreements, usually in line with the consumer price index.

	<b>As at 31-Mar-18 \$'000</b>	<b>As at 31-Mar-17 \$'000</b>
Future minimum payments under non-cancellable operating leases are as follows:		
Less than one year	24,971	23,674
Between one and five years	39,419	43,180
More than five years	5,267	7,706
	<u>69,657</u>	<u>74,560</u>

*Leases as lessor*

The Group leases space in 8 of its warehouses and 4 office spaces for periods up to 5 years.

Future minimum receipts under non-cancellable operating leases are as follows:

Less than one year	2,216	2,086
Between one and five years	1,157	2,657
More than five years	-	-
	<u>3,373</u>	<u>4,743</u>

**(b) Finance lease commitments**

The Group has finance lease commitments for motor vehicles payable as follows:

	<b>As at 31-Mar-18 \$'000</b>	<b>As at 31-Mar-17 \$'000</b>
Less than one year	1,255	962
Between one and five years	421	503
	<u>1,676</u>	<u>1,465</u>
Future finance charges	(68)	(87)
Total lease liabilities	<u>1,608</u>	<u>1,378</u>
Representing lease liabilities:		
Current	1,203	905
Non-current	405	473
	<u>1,608</u>	<u>1,378</u>

**(c) Capital and other commitments**

The Group discloses capital and other commitments comprising contracted capital expenditure that will result in cash outflows in future years, but are not recognised as a liability at reporting date.

The Group has no capital expenditure commitments contracted as at the reporting date that have not been recognised as liabilities payable however discloses the following other commitments for freight and forward bought cattle to supply identified sale contracts related to the livestock export business:

	<b>As at 31-Mar-18 \$'000</b>	<b>As at 31-Mar-17 \$'000</b>
Livestock related commitments	2,211	18,453
Freight related commitments	3,194	12,074
	<u>5,405</u>	<u>30,527</u>

**Ruralco Holdings Limited**  
**ABN 40 009 660 879**  
**Notes to the Consolidated Interim Financial Statements**  
**For the Half Year ended 31 March 2018**

**14 CONTINGENT LIABILITIES**

The Group has guarantees issued in respect of contract performance in the normal course of business for controlled entities.

	As at 31-Mar-18 \$'000	As at 31-Mar-17 \$'000
Guarantees	24,699	26,110

In the ordinary course of business the Group is called upon to give guarantees and indemnities to counterparties, relating to the performance of contractual and financial obligations (including for controlled entities and related parties). Other than as noted above, these guarantees and indemnities are indeterminable in amount.

**15 EARNINGS PER SHARE**

	As at 31-Mar-18 \$'000	As at 31-Mar-17 \$'000
<b>Reconciliation of earnings to profit and loss</b>		
Profit for the period	18,703	16,479
Less profit attributable to non-controlling interests	(2,649)	(4,058)
Earnings used to calculate basic and diluted EPS	16,054	12,421

	No.	No.
<b>Weighted average number of shares used as a denominator</b>		
Weighted average number of ordinary shares in issue	104,673,818	86,481,784

**Diluted earnings per share**

The calculation of diluted earnings per share at 31 March 2018 did not include any further adjustment for the effect of potential dilutive ordinary shares.

**Earnings per share (cents per share)**

- Basic	15.34	14.36
- Diluted	15.34	14.36

**16 EVENTS AFTER THE BALANCE SHEET DATE**

**(a) Business combinations**

On 1 May 2018, the Group acquired 100% of the shares of S&D Hall Pty Ltd (Hall Irrigation), a company based in Lameroo Southern Australia, who provide water supplies and irrigation design and construct, for cash consideration \$5.9 million.

**(b) Change in joint venture arrangement**

On 1 April 2018, the Group Acquired a 25% interest in Ausure Pty Ltd. Consideration for the transaction was the divestment of the Group's 50% interest in Ausure Consolidated Brokers (a subsidiary of Ausure Pty Ltd) as well as cash consideration of \$5 million.

Excluding the transactions noted above, there are no other matters or circumstances that have arisen since 31 March 2018 which are not otherwise dealt with in this report or in the consolidated financial statements, that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the subsequent financial periods.



## Director's Declaration

In the opinion of the directors of Ruralco Holdings Limited ("the Company"):

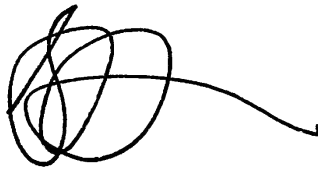
1. the financial statements and notes set out on pages 8 to 21 are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 March 2018 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 15 of May 2018

Signed in accordance with a resolution of the directors:



**Richard (Rick) Lee AM**  
Chairman



**Travis Dillon**  
Managing Director and CEO



# Independent Auditor's Review Report

To the shareholders of Ruralco Holdings Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Ruralco Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Ruralco Holdings Limited 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 2018 and of its performance for the interim period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated Interim Statement of Financial Position as at 31 March 2018
- Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income, Consolidated Interim Statement of Changes in Equity and Consolidated Interim Statement of Cash Flows for the interim period ended on that date
- Notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Ruralco Holdings Limited (the Company) and the entities it controlled at the interim period's end or from time to time during the interim period.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim 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 Interim Financial Report that is free from material misstatement, whether due to fraud or error.

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## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *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 Interim 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 2018 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ruralco Holdings Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Anthony Travers

Partner

Sydney

14 May 2018

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