

LANDCORP FARMING LIMITED

Half-year results for announcement to the market

28 February 2017

Reporting Period	6 months to 31 December 2016
Previous Reporting Period	6 months to 31 December 2015

	6 months to 31 December 2016 <i>Amount (millions)</i>	6 months to 31 December 2015 <i>Amount (millions)</i>	Percentage change
Revenue from ordinary activities	\$NZ 109.3	\$NZ 108.8	0%
Net operating (loss) profit	\$NZ (8.9)	\$NZ (8.9)	0%
Net profit after tax	\$NZ 37.9 ¹	\$NZ 37.5	1%
Total comprehensive income	\$NZ 41.0	\$NZ 46.6	(12%)

Interim Dividend	Nil	Nil	Nil
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¹ NPAT as reported under NZ IFRS includes significant revaluation gains and losses arising from the value change in livestock and financial instruments over the period. As the majority of these gains and losses arise on livestock held for breeding and/or production, rather than sale, and are stated at a particular point in time, they do not represent cash flows that are realised in the ordinary course of livestock farming. Accordingly, Landcorp's dividend is based on Net Operating Profit.

Comments

<p>(i) a brief explanation of any of the above figures necessary to enable them to be understood</p>	<p>The net operating loss of \$8.9 million for the half year ended 31 December 2016 is in line with the net operating loss in the corresponding period last year. Despite a 30% increase in the milk price, Landcorp's half year revenue was slightly down due to a 21 per cent drop in livestock revenue. This was due to fewer animals sold and higher costs to purchase livestock.</p>
<p>(ii) in respect of each half-year period, commentary on the outlook for the remainder of the financial year, including whether the SOE considers it will achieve the financial performance targets in its SCl.</p>	<p>Landcorp is currently forecasting a full-year net operating profit of \$2m-\$7m. This compares favourably to Landcorp's original forecast which saw a budgeted loss of \$13.1m. The improvement reflects an upward revision in the Fonterra forecast milk payment for the current season.</p> <p>This forecast assumes there will be no adverse weather conditions; no deterioration in the foreign currency; and that current market prices hold through the season.</p>