

LANDCORP FARMING LIMITED

Full-year results announcement

26 August 2015

Reporting Period	12 months to 30 June 2015
Previous Reporting Period	12 months to 30 June 2014

	12 months to 30 June 2015	12 months to 30 June 2014	Percentage change
	<i>Amount (millions)</i>	<i>Amount (millions)</i>	
Revenue from ordinary activities	\$NZ 213.5	\$NZ 241.7	(12%)
Net operating profit	\$NZ 4.9 ¹	\$NZ 30.0	(84%)
Net profit (loss) (after tax)	(\$NZ 20.0) ²	\$NZ 54.7	(137%)
Total comprehensive income (loss)	(\$NZ 8.4)	\$NZ 115.9	(107%)

Final Dividend (declared)	Nil	\$NZ 7.0	(100%)
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2014/15 Financial Results

Landcorp's net operating profit of \$4.9 million for 2014/15 has decreased from the \$30.0 million in the previous year, due to lower milk revenue. Low dairy prices decreased milk revenue by 32 per cent to \$88.1 million. Landcorp produced 19.4 million kilograms of milk solids (including share milking) in 2014/15 up from 18.6 million in the previous year.

¹ The tax expense under NZIFRS is based on a number of assumptions (for example unrealised balance date revaluations) and is not related to the actual tax expense Landcorp pays. Therefore, it is not possible to apportion the tax expense under NZ IFRS over ordinary activities.

² 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.

Revenue from all farm production decreased 12 per cent in 2014/15 to \$213.5 million (2013/14: \$241.7 million). The 2014/15 year saw lower milk revenues as a result of significantly lower milk prices. However, livestock revenue was up 13 per cent to \$111.3 million (2013/14: \$98.7 million) under the impact of stronger prices, particularly beef. Wool revenue was up 18 per cent to \$10.7 million. There were small declines in forestry and other produce revenue.

Expenses were largely flat at \$208.8 million in 2014/15 (2013/14: \$207.0 million) due to tight cost controls and the alignment of farm systems to lower milk prices.

Landcorp's 2014/15 total comprehensive income was an \$8.4 million loss, compared with a \$115.9 million profit in the previous year. This includes an unrealised loss on the market value of Landcorp's livestock of \$21.6 million (2013/14: \$36.7million gain), an unrealised gain on land, improvements and other property of \$11.7 million (2013/14: \$69.4 million gain) an unrealised loss on other assets of \$7.8 million (2013/14 \$3.9 million loss) and tax income of \$4.4 million (2104/15 \$16.4 million tax expense).

As has been previously outlined, net profit after tax and total comprehensive income under NZ IFRS is not a meaningful indicator of Landcorp's operating results as it incorporates a number of unrealised revaluations on livestock, derivatives and land.

Landcorp will not pay a dividend for 2014/15.