

## LANDCORP FARMING LIMITED

### Half-year results for announcement to the market 29 February 2016

<b>Reporting Period</b>	6 months to 31 December 2015
<b>Previous Reporting Period</b>	6 months to 31 December 2014

	6 months to 31 December 2015 <i>Amount (millions)</i>	6 months to 31 December 2014 <i>Amount (millions)</i>	Percentage change
<b>Revenue from ordinary activities</b>	\$NZ 108.8	\$NZ 115.1	(5%)
<b>Net operating (loss) profit</b>	\$NZ (8.9) <sup>1</sup>	\$NZ 1.0	(990%)
<b>Net profit after tax</b>	\$NZ 37.5 <sup>2</sup>	\$NZ 62.7	(40%)
<b>Total comprehensive income</b>	\$NZ 46.6	\$NZ 66.8	(30%)

<b>Interim Dividend</b>	Nil	Nil	Nil
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<sup>1</sup> 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.

<sup>2</sup> 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><b>(i) a brief explanation of any of the above figures necessary to enable them to be understood</b></p>	<p>The net operating loss of \$8.9 million for the half year ended 31 December 2015 compares to a \$1.0 million profit in the corresponding period last year. Landcorp's half year revenues were \$108.8 million (down from \$115.1 million), due predominantly to a 22 per cent contraction in milk revenue in the corresponding period.</p> <p>Landcorp's participation in the Fonterra Guaranteed Milk Price (GMP) scheme has reduced the revenue impact of lower milk prices. Lower milk revenue has also been partially offset by continuing strong performance in our red meat business.</p>
<p><b>(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 SCI.</b></p>	<p>On current forecast, Landcorp will show a full-year net operating loss of between \$8 – \$12 million. The increased loss from Landcorp's last disclosure largely reflects recent downward revisions to forecast milk payments for the rest of the season.</p> <p>This forecast assumes there will be no adverse weather conditions; no deterioration in foreign exchange rates; and that current market prices hold through the season.</p>