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21 May 2012

2012 First Half Financial Results

- **Statutory profit after tax of $40.5m up from H1 11 loss of $(14.6)m**
- **Underlying EBIT of $21.3m down from $22.1m**
- **Underlying NPAT of $6.1m down from $7.5m**
- **Continuing sales revenue of $1029.2m, down 2%**

Elders (ASX:ELD) has announced a statutory profit of $40.5 million after tax and minority interests for the six months to 31 March in its 2012 interim profit announcement issued today. The result compares with the loss of $(14.6) million reported for the 2011 First Half (previous corresponding period).

The 2012 First Half included a total gain of $34.4 million arising from the previously advised successful objection to an Amended Tax Assessment from the Australian Tax Office, offset in part by a number of items including losses attributable to the discontinued Forestry operations, adjustments to deferred tax asset balances and other costs. As these items include discontinued operations and items unrelated to operating performance, they have been excluded from underlying profit measures. A full and detailed reconciliation between statutory and underlying profit for the period is provided in the 2012 First Half Financial Results Discussion and Analysis released today.

Elders recorded an underlying profit after tax of $6.1 million, down from $7.5 million in the previous corresponding period. Underlying net borrowing costs of $12.7 million for the first half were essentially unchanged.

Underlying EBIT for the first half of $21.3 million was slightly lower than the 2011 comparative of $22.1 million, despite increased contributions from Rural Services and Automotive operations. The movement in underlying EBIT is principally due to a reduction in equity income from 49.7%-owned investment Agricultural Land Trust.

Rural Services increased its underlying EBIT generation from $20.2 million to $21.1 million, aided by a favourable mark-to-market adjustment at balance date.

Commenting on the Rural Services operating result, Elders Managing Director Malcolm Jackman said that benefits of a rebound in the contribution from Trading operations, controlled costs and higher farm supplies income had been more than offset by the lower activity levels in its livestock, wool and real estate agency markets during the period.

“Rural Service’s results for the first half are solid given the circumstances” he said. “Trading activities, particularly our live export operations were the highlight, lifting their underlying margin generation by 15%. Network results were consistent with what would be expected given the deferral of activity and sales brought about by flooding and falling prices for fertiliser and AgChem. Notwithstanding this, our farm supplies sales and income continued to grow year-on-year” Malcolm Jackman said.

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Australian network sales revenue of $576.1 million for the period was marginally higher than the 2011 First Half sales of $575.2 million. Contribution from New Zealand network operations of $0.5 million also reflected lower activity levels in comparison with the previous corresponding period.

Automotive operations lifted their first half underlying EBIT contribution by 15%, from $4.7 million to $5.4 million.

Balance sheet position will be strengthened in the second half of the year through cash receipts expected from the recently announced agreement for sale of forestry assets and receipt of funds due as a result of the Amended Tax Assessment referred to earlier. Gross debt at 31 March was $435.9 million compared with $427.1 million at the beginning of the period, whilst gearing rose from 57% to 58%.

Malcolm Jackman said that "as is customary in our sector, June quarter trading results are expected to be influential in the determination of full year earnings outcomes.

"We have entered our peak Rural Services sales period with relatively good conditions and soil moisture, although rainfall for winter cropping to date has been below season's averages in many regions. We are seeing ongoing recovery in crops such as cotton, rice and horticulture where growers have been able to consolidate their position with renewed water availability. While livestock agency is expected to continue to be challenging, we anticipate live export will continue to demonstrate growth over the previous year's results."

"Activity levels in Automotive are picking up in the second half as Futuris commences, or prepares for, supply to new contracts in Thailand, China and North America" said Malcolm Jackman.

Further information:

Mark Hosking 0439 833 816
Chief Financial Officer

Don Murchland 0439 300 932
General Manager Investor & Corporate Relations

Conference Call:

Details for the conference call and webcast slide presentation are as follows:

Conference call:	Webcast slide presentation
9:00 am EST Monday 21 May	Register and view presentation webcast
1800 123 296	*Note: the slide presentation will not be available until the morning of 21 May 2012 but you can use this link to test your browser.*

Quote conference ID: 7718 5071
International numbers are available at:
http://www.elderslimited.com/news/half-year-results-announcement