

ASX Release
Ruralco Holdings Ltd 2011/12 Full Year Results

2011/12 Full Year Financial Summary

- Sales of \$1,136 million, an increase of 13.3% on pcp
- Gross Profit up 6.8% on pcp to \$221 million
- Earnings before interest and tax (EBIT) of \$37.1 million, an increase of 1.8% on pcp
- Normalised net profit after tax (NPAT) of \$15.6m, lower by 11.4% on pcp
- Reported NPAT of \$13.8m, lower by 7.5% on pcp
- Earnings per share (EPS) of 25.5 cents, down 6.5% on pcp
- Annualised return on equity (ROE) of 8.9%, compared to pcp of 9.7%

Ruralco Holdings Limited today announced net profit after tax attributable to equity holders of the company of \$13.8m for the full year ended 30 September 2012, a reduction of 7.5% over the previous corresponding period (pcp).

Chairman, Richard England, said that directors have resolved to pay a final dividend of 10 cents per share fully franked, which together with the interim dividend of 10 cents per share, is a return of 20 cents per share fully franked for the 2011/12 financial year. The dividend reinvestment plan will not apply to this dividend.

Ruralco's Managing Director, John Maher, praised the hard work and initiative of the Company's staff, JV partners and members in delivering a solid result against the backdrop of falling commodity prices within several key business segments and variable seasonal conditions prevailing across much of the nation's cropping regions.

"Despite more than 10% reduction in gross profit contribution from our traditional agency businesses and a sub optimal winter growing season, Ruralco delivered a strong 13.3% lift in revenue and achieved a similar EBIT result to the prior year. This achievement in the face of industry headwinds demonstrates the strength of the Ruralco business model, the continued successful execution of our strategy and the quality of our people. Rural supplies, grain marketing and the water & environment portfolios all delivered vital revenue and profit growth this past year underlining the value of the direction we are taking."

Mr Maher further commented that "the reduction in NPAT was largely driven by reduced profitability in the 100%-owned businesses (Roberts, CRT and Rodwells) relative to that of joint venture operations where higher than expected minority interest was incurred. Higher finance costs associated with funding growth strategies and the Elders investment also contributed to this reduction."

The Company continues to manage its cost base to contain cyclical impacts in its commission-based businesses. Mr Maher noted "consolidation of our Tasmanian residential real estate operations saw that business stabilise and to some degree turn around in the second half despite continuing weak market conditions. Notwithstanding the efforts made during the year, we believe there is still scope for productivity improvements in some of our agency based businesses given the downturn in profitability of those activities."

Ruralco's investment in Elders contributed a \$12m increase to the reported net debt, however, its gearing ratio (net debt divided by equity) of 26.4% remains modest. Mr Maher commented "we continue to enjoy a strong balance sheet which affords us the flexibility to take advantage of opportunities to grow the business as they arise."

On the Elders' investment, Chairman Richard England noted the recent Elders' announcement to sell their Rural Services business and explained that Ruralco was monitoring the situation but had not yet determined if it were likely to participate in a sale process. "If Ruralco did participate, we would be

disciplined and would not pursue any acquisition unless it was value accretive for Ruralco shareholders. Regardless of the outcome, Ruralco was well positioned to benefit either from a synergistic acquisition of Rural Services or continuing to win market share if sold to another entity" he said.

Ruralco continued its philosophy through 2011/12 of selectively pursuing growth where it can partner with quality local teams operating in strategic markets.

Throughout the year the Company welcomed the following new corporate or JV equity businesses to the Group:

- Agritech Rural and Westech Ag – A premier rural supplies and agronomy business with three locations in the Victorian Wimmera region.
- Saxton Rural – Longstanding and successful rural retailer based in Dimboola, Victoria which was recently added to the Agritech Rural stable of outlets.
- Farmworks Rural – Network of 15 rural supplies locations in WA which substantially extends Ruralco's retail positioning within the largest grain growing state in Australia.
- Other network investments included new 'greenfield' ventures in Mildura and Echuca (Victoria) and York (WA). Additionally, Agfarm capitalised on its successful first year of grain marketing in South Australia by adding a similar dedicated presence in Western Australia.

In keeping with its portfolio management strategy, the Company also successfully concluded the sale of the Monds & Affleck Tasmanian stock feed business reflecting the Group's focus on what it sees as its core capabilities.

Innovations in Ruralco's product and service offering were also a feature of the year with Mr Maher highlighting, "the introduction of our ProWater Nationwide brand brought together the network's key water and irrigation specialist businesses under a common brand and procurement strategy. Similarly, Agfarm's continuous improvement focus saw them receive excellent grower support for their expansion of marketing options available within the Advantage range."

The Company also maintained its determination to support the local communities in which its businesses operate and to which staff and members are strongly affiliated. Some outstanding causes that the Company supported this past year include the second Rural Ride for Kids in country Queensland with proceeds raised flowing to Ronald McDonald House Charities, the 24 hour Mega-Swim supporting The Multiple Sclerosis Society and a range of other fundraising to support causes such as Autism Awareness Australia, Leukaemia Foundation, Herds of Hope, and many local community groups. Throughout the year the Ruralco family contributed over \$1.6 million to rural communities.

Looking to the current financial year, Mr Maher affirmed a cautiously positive outlook. "Farm cash flows have been under pressure and much depends on growers capturing the benefits of current grain prices to build confidence levels into the 2012/13 financial year. Relatively dry conditions persist in the summer cropping and horticulture regions of the country while subdued sheep, lamb and wool prices compared to last year are still impacting trading conditions, particularly in the southern markets. However, grain marketing and water related businesses are confident of a good year ahead validating Ruralco's efforts to diversify its activities. The Company continues to be well-positioned to benefit across its business activities and will capture the upside of any turnaround in underlying market and seasonal conditions.

Further information:

John Maher
Managing Director
Ph: 0418 687 016

20 November 2012

Ruralco Holdings Limited (ASX: RHL), is a leading Australian owned agribusiness. Ruralco operates through a national footprint of businesses that specialise in providing rural customers with products and services in merchandise, fertiliser, seed, wool, livestock, real estate, risk management, water, grain, finance and insurance. Ruralco's businesses around the country operate under their own brands. They have their own cultures, their own service models and their own unique value propositions – all designed to meet the demands of local or regional markets. The group's businesses are committed to supporting the communities within which they operate.

RURALCO HOLDINGS LIMITED

ABN 40 009 660 879

APPENDIX 4E

PRELIMINARY FINAL REPORT IN ACCORDANCE WITH LISTING RULE 4.3A

Full year ended 30 September 2012
Previous corresponding period – Full year ended 30 September 2011

Results for announcement to the market

				\$'000
Revenue from ordinary activities	Up	13.3%	to	1,136,314
Profit from ordinary activities after tax attributable to members	Down	7.5%	to	13,849
Net profit for the period attributable to members	Down	7.5%	to	13,849
			Amount per security	Franked amount per security
Final dividend			10 cents	10 cents
Interim Dividend			10 cents	10 cents
Previous corresponding period				
- Final dividend			9 cents	9 cents
- Interim Dividend			9 cents	9 cents
Record date for determining entitlements to the dividend				30 November 2012
Date Final Dividend is payable				18 December 2012
Dividend Reinvestment Plan				
The Dividend Reinvestment Plan will not apply to this dividend.				
			2012	2011
Net Tangible Assets				
Net tangible asset backing per ordinary security			\$1.78	\$1.86

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

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

Entity	Date	Percentage acquired
Agritech Rural Pty Ltd	1 February 2012	50.1%
Agritech Rural Unit Trust	1 February 2012	50.1%
MacIntyre Rural Pty Ltd	1 February 2012	100%
Farmworks Rural Pty Ltd formerly ACN 155 698 516 Pty Ltd	1 May 2012	100%
Ruralco Water Brokers Pty Ltd	1 April 2012	100%
FNQG8 Pty Ltd	31 May 2012	55%
Saxton Rural	7 September 2012	100%

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

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

Entity	Date	Percentage divested
Monds & Affleck	9 December 2011	100%

During the period the reporting entity voluntarily deregistered the following dormant entity:

Entity	Date	Percentage divested
Agfarm Solutions Pty Ltd	12 August 2012	51%

Details of associates and joint venture entities (other than subsidiaries):

Associates	Percentage held by the group
Western Riverina Fertilisers Pty Ltd	63.56%
Lachlan Fertilizers Rural 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.

Audit

The financial report is in the process of being audited.

Angie Soman-Crawford
Company Secretary
20 November 2012

Ruralco Holdings Limited – Preliminary Final Report

Twelve months to 30 September 2012

OPERATIONAL REVIEW

Ruralco Holdings Limited today reported a net profit after tax (NPAT) attributable to equity holders of \$13.8 million for the twelve months ended 30 September 2012. This is a decrease of 7.5% on the same period last year.

Revenue was \$1,136 million, up 13.3% on the previous corresponding period (pcp). Earnings before interest expense and tax (EBIT) of \$37.1 million was up 1.8% on the pcp.

Earnings per share of 25.5 cents was a decrease of 6.5% on the pcp.

Finance

The Company's gearing (as measured by the ratio of net interest bearing debt to equity) increased to 26.4%, reflecting its recent investment in Elders Limited and financing of other growth strategies throughout the 2011/12 year.

Final Dividend

A fully franked final dividend of 10.0 cents per share payable to shareholders on 18 December 2012 has been declared by Directors. The Dividend Reinvestment Plan will not operate in respect of the final dividend.

Safety

The National Harmonisation legislation introduced at the end of 2011 has been integrated into the Company's OH&S system and rolled out to business units. Ruralco maintains vigilance in identifying risks within the workplace and taking appropriate measures to address them.

The Company continues to strengthen safety procedures and reinforces these by way of communication and training throughout the organisation. The Group's Lost Time Injury Frequency Rate (LTIFR) was maintained at low levels during the year with the safety and welfare of our people remaining a top priority.

Comment on segments/businesses

Ruralco's trading is structured into two key segments:

- Rural Services – encompassing CRT & Rural Supplies, Northern Operations, Southern Operations and Tasmanian Operations;
- Other Operations – encompassing Financial Services.

A short report on each of the key activities follows:

Rural Services Segment

Rural Supplies

Ruralco's strategic focus of partnering with respected local businesses continues to strengthen the Group's position and open up new avenues for growth for the Rural Supplies activity.

A joint venture partnership with Agritech Rural and Westech Ag in Victoria's Wimmera region, together with the acquisition of FarmWorks, one of Western Australia's largest rural merchandise groups strengthened Ruralco's national footprint. Agritech Rural and Westech Ag operate under the CRT brand and FarmWorks has brought its fifteen outlets under the CRT/Town & Country banner.

The Rural Supplies division has capitalised on the opportunities that this growth has presented. A concerted effort has been made to improve members' trading conditions and limit member leakage. Real benefits have emerged as a result of this focus.

The eastern seaboard experienced a range of seasonal conditions through the course of the year, benefiting from good winter planting rainfall, however drier conditions through the spring growing period has moderated yield prospects. Western Australia's key wheat-belt areas were more severely affected by lack of lead-up and finishing rains. Water storages for key irrigation markets are in a healthy position and this has had a positive impact on Ruralco's water businesses, most notably the Group's independent water retailing business, ProWater Nationwide.

Livestock & Wool

Global demand for Australia's red meat remains high with an increasing number of export markets available to livestock producers. However, market influences pose real challenges, most notable amongst these being the AUD which is at record levels against all major currencies, particularly the USD. Consequently, Australian exporters have been forced to trim margins and source livestock at reduced rates to remain competitive. Compared to the pcp, cattle prices have remained fairly static softening only slightly, whereas sheep and lamb prices have dropped following a reduction in demand for export to the United States and lower levels of live export to traditional markets.

Ruralco's livestock agency businesses have risen to market challenges and developed their service offering to accommodate changing conditions and client needs. Strategies include developing alliances with end users, practical risk management through forward contracts and targeted marketing programs.

In the north of Australia, the resilience of beef producers has been seriously tested over the past year. The re-opening of the critically important live cattle trade to Indonesia added long needed viability to northern producers but recent serious impediments to this trade, including stringent specifications, government tensions and reduced quotas, have placed pressure on producers' cash flow.

China remains an active buyer of dairy cattle, whilst Russia has emerged as a consistent outlet for Angus and Hereford cattle. The Middle East remains an important outlet for sheep, although there appears to be little current growth in that market.

Livestock numbers for both sheep and cattle appear to be relatively static. The current downward correction in the market may prevent a rush to build numbers and this may ultimately lead to more consistent and sustainable prices.

Looking to the coming year, favourable results are expected, with cattle prices remaining firm and some upside on both sheep and lamb prices, provided the global market for livestock remains steady and normal seasonal conditions prevail.

In sharp contrast to the previous year, the wool market for 2011/2012 saw prices trending down from the previous year's highs.

The market benchmark, the Eastern Market Indicator peaked at 1,425 cents clean at the end of June 2011 and retreated to a close in September 2012 of 940 cents clean, a fall of 34%. In USD terms, the trend was very similar, falling 35% for the same period.

Fine and superfine wool prices contracted in a much larger way with 16.5 micron halving in value from a peak of 2,656 cents in April 2011 to a close in September 2012 of 1,398 cents.

Whilst wool supply nationally is at or near record lows, current demand is also very low. Financial uncertainty across much of Europe and the slowdown of growth in China are seen as the key drivers negatively impacting current demand.

Following the correction in the market over the past 12 months, the outlook for wool is positive as demand is expected to increase which will also lead to a firming in wool prices over the coming 12 months.

Grain

Solid year on year growth has continued for Ruralco's grain marketing business, Agfarm, with the business performing above expectations for FY2012.

Agfarm has a strong presence across the country's east coast, South Australia and a growing presence in Western Australia.

The middle of 2012 saw a large rally in global grain prices on the back of drought in the United States corn belt, which assisted many of Agfarm's clients with higher grain prices improving bottom lines and Agfarm's revenue.

The 2013 outlook for grain prices continues to be positive with supplies expected to remain tight until the northern hemisphere harvest next year, and as a result Agfarm hopes to generate improved revenue per tonne managed for FY2013.

Water & Environment

Water storages remained at full or near full capacity due to heavy rainfall and flooding periods throughout the year. As anticipated, this caused temporary allocation water prices to remain subdued.

Ruralco's water broking business, WaterNET, opened up new growth market opportunities by successfully marketing large water parcels in the private market. Despite subdued prices, the water broking activity was able to increase sales by over 40% compared with the previous year. This was achieved on the back of strong permanent entitlement water sales and new temporary allocation products, including a pooled water exchange.

ProWater Nationwide, Ruralco's independent, water retailing group, continued to gain momentum and increased its membership to 30. Now in its second year, the group has doubled its sales and established improved trading arrangements with several new and existing key suppliers.

Ruralco is committed to ensuring sound environmental management practices are integrated into its network. It will continue to pursue its green office initiatives to assist with the reduction of its carbon emissions and achieve back office savings.

The group will also pursue environmentally sound and sustainable agricultural solutions for its clients and strive to lead the way with the use of new technologies such as solar products and services.

Ruralco and its specialist water businesses are well placed to meet current and future needs arising in the water sector and the emerging environment sectors.

Real Estate

In contrast to the steady capital growth experienced over the last few years which saw property prices peak two years ago, rural property sales for the past twelve months have been slow with investors taking a cautious approach. Whilst sentiment, lifestyle aspirations and the confidence of a solid capital gain had previously been the main drivers, investors are now focussed on return on capital and security.

Residential real estate has undergone a price correction but vendors in this sector are resisting the correction and are reluctant to accept the lower values.

In Tasmania, subdued economic conditions continued to impact on the real estate market. The volume of properties transacted in that State was at a 17 year low leading to challenging market conditions for all agents. A remodelling of the Roberts Real Estate business resulted in improved trading results for the second half of the year.

Rental returns remain attractive and investors are looking to invest in growth areas that offer security of tenure as well as capital gain. Investors who take a long-term view to investing have some excellent opportunities to consider.

Other Segment

Financial Services

Whilst mixed seasonal conditions across Australia and challenging economic influences have impacted on the financial services sector, both Ruralco Insurance and Ruralco Finance have increased their profile and expanded their presence in a highly competitive market.

Ruralco Finance has capitalised on generally favourable seasonal conditions and market indicators and seen satisfactory growth across the business.

A major contributing factor behind this growth has been the expansion of Ruralco's national footprint and the resultant uptake of the Financial Services division's services and products by new and existing businesses.

Ruralco Insurance has benefited by an increase in rates in the general market due to increased reinsurance costs being passed on to insurers.

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Consolidated Statement of Comprehensive Income
For the Year Ended 30 September 2012

	Notes	2012 \$'000	2011 \$'000
Revenue	4	1,136,314	1,003,186
Other income	5	1,363	1,795
Raw materials and consumables used net of changes in inventories of finished goods	6	(914,885)	(795,867)
Depreciation and amortisation expenses	6	(5,540)	(5,315)
Personnel expenses	6	(116,169)	(105,931)
Property and equipment expenses		(17,097)	(14,831)
Motor vehicle expenses		(14,693)	(12,817)
Other expenses		(32,998)	(34,240)
Results from operating activities		36,295	35,980
Share of net profits of equity accounted investees (net of income tax)		793	436
Finance costs	6	(6,931)	(6,635)
Profit before income tax		30,157	29,781
Income tax expense	8	(8,566)	(8,948)
Profit for the period		21,591	20,833
Other comprehensive income			
Revaluation of property		(2,138)	-
Income tax on other comprehensive income		641	-
Other comprehensive income for the period, net of income tax		(1,497)	-
Total comprehensive income for the period		20,094	20,833
Total profit attributable to:			
Equity holders of the company		13,849	14,979
Non-controlling interest		7,742	5,854
Total profit for the period		21,591	20,833
Total profit and comprehensive income attributable to:			
Equity holders of the company		12,345	14,979
Non-controlling interest		7,749	5,854
Total profit and comprehensive income for the period		20,094	20,833
Earnings per share (cents per share)			
- Basic		25.46	27.22
- Diluted		25.12	26.83

The accompanying notes form part of these financial statements.

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Consolidated Statement of Financial Position
As at 30 September 2012

	Notes	2012 \$'000	2011 \$'000
Current Assets			
Cash and cash equivalents		52,729	67,745
Trade and other receivables		301,455	307,271
Inventories		108,149	83,503
Assets held for sale		3,274	412
Total Current Assets		<u>465,607</u>	<u>458,931</u>
Non-Current Assets			
Trade and other receivables		1,100	1,428
Investments in equity accounted investees		4,052	3,546
Other financial assets		13,736	237
Property, plant and equipment		41,940	47,929
Deferred tax assets		8,674	9,459
Intangible assets	12	72,896	65,287
Total Non-Current Assets		<u>142,398</u>	<u>127,886</u>
Total Assets		<u>608,005</u>	<u>586,817</u>
Current Liabilities			
Trade and other payables		314,094	307,381
Loans and borrowings		70,406	60,133
Current tax payable		845	5,600
Provisions		13,189	12,616
Total Current Liabilities		<u>398,534</u>	<u>385,730</u>
Non-Current Liabilities			
Loans and borrowings		27,682	23,359
Deferred tax liabilities		7,783	8,287
Provisions		2,259	1,940
Total Non-Current Liabilities		<u>37,724</u>	<u>33,586</u>
Total Liabilities		<u>436,258</u>	<u>419,316</u>
Net Assets		<u>171,747</u>	<u>167,501</u>
Equity			
Issued capital		99,565	99,565
Retained earnings		44,792	42,065
Reserves		11,626	14,981
Total equity attributable to equity holders of the Company		155,983	156,611
Non-controlling interests		15,764	10,890
Total Equity		<u>171,747</u>	<u>167,501</u>

The accompanying notes form part of these financial statements.

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2012

Attributable to equity holders of the Company							
	Issued capital \$'000	Retained earnings \$'000	Reserve for own shares \$'000	Reserves \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 October 2011	99,565	42,065	-	14,981	156,611	10,890	167,501
Total comprehensive income for the period							
Profit for the period	-	13,849	-	-	13,849	7,742	21,591
Other comprehensive income							
- Revaluation of properties, net of tax	-	-	-	(1,504)	(1,504)	7	(1,497)
- Other reserve movements	-	138	-	(138)	-	-	-
Total comprehensive income for the period	-	13,987	-	(1,642)	12,345	7,749	20,094
Transactions with owners recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
- Dividends to equity holders	-	(10,418)	-	-	(10,418)	(4,924)	(15,342)
- Performance rights reserve	-	-	-	311	311	-	311
Total contributions by and distributions to owners	-	(10,418)	-	311	(10,107)	(4,924)	(15,031)
<i>Treasury shares</i>							
- Own shares held in trust	-	-	(2,024)	-	(2,024)	-	(2,024)
Total treasury shares	-	-	(2,024)	-	(2,024)	-	(2,024)
<i>Changes in ownership interests in subsidiaries that do not result in a change of control</i>							
- Change in non-controlling interest	-	(842)	-	-	(842)	2,049	1,207
Total changes in ownership interests in subsidiaries that do not result in a change of control	-	(842)	-	-	(842)	2,049	1,207
Total transactions with owners	-	(11,260)	(2,024)	311	(12,973)	(2,875)	(15,848)
Balance at 30 September 2012	99,565	44,792	(2,024)	13,650	155,983	15,764	171,747

The accompanying notes form part of these financial statements.

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Consolidated Statement of Changes in Equity
For the Year Ended 30 September 2012

	Attributable to equity holders of the Company						Non-controlling interest \$'000	Total equity \$'000
	Issued capital \$'000	Retained earnings \$'000	Reserve for own shares \$'000	Reserves \$'000	Total \$'000			
Balance at 1 October 2010	99,565	34,658	-	16,464	150,687		6,698	157,385
Total comprehensive income for the period								
Profit for the period	-	14,979	-	-	14,979		5,854	20,833
Other comprehensive income	-	-	-	-	-		-	-
Other								
- Transfer of reserve on sale of property	-	1,664	-	(1,664)	-		-	-
Total comprehensive income for the period	-	16,643	-	(1,664)	14,979		5,854	20,833
Transactions with owners recorded directly in equity								
<i>Contributions by and distributions to owners</i>								
- Dividends to equity holders	-	(9,354)	-	-	(9,354)		(3,180)	(12,534)
- Performance rights reserve	-	-	-	181	181		-	181
Total contributions by and distributions to owners	-	(9,354)	-	181	(9,173)		(3,180)	(12,353)
<i>Changes in ownership interests in subsidiaries that do not result in a change of control</i>								
- Change in non-controlling interest	-	118	-	-	118		1,518	1,636
Total changes in ownership interests in subsidiaries that do not result in a change of control	-	118	-	-	118		1,518	1,636
Total transactions with owners	-	(9,236)	-	181	(9,055)		(1,662)	(10,717)
Balance at 30 September 2011	99,565	42,065	-	14,981	156,611		10,890	167,501

The accompanying notes form part of these financial statements.

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Consolidated Statement of Cash Flows
For the Year Ended 30 September 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		1,247,257	1,066,406
Payments to suppliers and employees		(1,223,402)	(1,011,018)
Interest received		10,925	11,166
Finance costs		(1,453)	(1,528)
Interest paid		(5,478)	(5,107)
Income taxes paid		(12,498)	(6,177)
Net cash flows from operating activities		<u>15,351</u>	<u>53,742</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,981	9,080
Proceeds from sale of investments		56	16
Proceeds from disposal of shares in subsidiaries		-	1,310
Proceeds from sale of business		850	-
Distribution from equity accounted investment		260	125
Dividends received		173	146
Purchase of property, plant and equipment		(4,287)	(3,827)
Purchase of intangible assets		(1,205)	(365)
Purchase of investments		(12,653)	-
Purchase of shares in subsidiaries		(867)	(112)
Contingent consideration paid		(550)	(705)
Payments for purchase of controlled entities net of cash acquired	12	<u>(12,958)</u>	<u>(13,677)</u>
Net cash flows used in investing activities		<u>(29,200)</u>	<u>(8,009)</u>
Cash flows from financing activities			
Loans advanced to/(repaid by related entities)		470	(108)
Repayment of finance lease liabilities		(713)	(799)
Repayment of borrowings		(189)	(6,135)
Net proceeds of depositor funds		16,523	4,601
Dividends on ordinary shares in the company		(10,418)	(9,354)
Dividends to non controlling interests		(4,924)	(3,180)
Net cash flows from / (used in) financing activities		<u>749</u>	<u>(14,975)</u>
Net (decrease) / increase in cash and cash equivalents		(13,100)	30,758
Cash and cash equivalents at beginning of year		63,227	32,469
Cash and cash equivalents at end of year		<u>50,127</u>	<u>63,227</u>
Represented by			
Cash and cash equivalents		52,729	67,745
Bank overdraft at end of period		(2,602)	(4,518)
Cash and cash equivalents at end of period		<u>50,127</u>	<u>63,227</u>

Ruralco Holdings Limited and Controlled Entities
ABN 40 009 660 879
Notes to the Consolidated Financial Statements
For the Year Ended 30 September 2012

1 REPORTING ENTITY

Ruralco Holdings Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The consolidated preliminary financial statements of the Company as at and for the year ended 30 September 2012 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 September 2012 will be available upon request on or about 21 December 2012 from the Company's registered office at 2 Collins Street, Hobart or at www.ruralco.com.au.

2 STATEMENT OF COMPLIANCE

The preliminary consolidated financial statements have been prepared in accordance with the measurement, recognition and classification elements of the Australian Accounting Standards (AASB's), including other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Corporations Act 2001, for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) Listing Rules.

The preliminary consolidated financial statements do not include all of the information required for a full annual financial consolidated financial report.

The preliminary consolidated financial statements were approved by the Board of Directors on 20 November 2012.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the preliminary consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated preliminary 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 2011 except for as noted below.

Share capital

(i) Repurchase and reissue of share capital (treasury shares)

The Company controls an employee share plan trust which holds Company shares for the purposes of allocating Company shares to eligible employees.

When share capital recognised as equity is repurchased by the employee share plan trust, the amount of the consideration paid is recognised as a deduction from equity on consolidation. Repurchased shares are classified as a separate component of equity in reserve for own shares. When treasury shares are issued to eligible employees, the cost of the shares allocated is recognised as an increase in equity and an expense in the profit and loss.

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	2012 \$'000	2011 \$'000
4 REVENUE		
Sale of goods	1,014,061	890,970
Rendering of services	108,202	99,771
Sundry revenue	3,126	1,279
Interest revenue	10,925	11,166
	1,136,314	1,003,186
5 OTHER INCOME		
Dividend income	173	146
Net gain on sale of investments	22	-
Gain in investment held at fair value through profit and loss	1,168	-
Net gain on disposal of property, plant and equipment	-	1,649
	1,363	1,795
6 EXPENSE		
Cost of goods sold		
Cost of goods sold	(914,885)	(795,867)
Depreciation		
Buildings	(195)	(276)
Leasehold improvements	(265)	(240)
Plant and equipment	(3,179)	(3,037)
Total depreciation	(3,639)	(3,553)
Amortisation		
Application software	(1,519)	(1,510)
Customer relationships	(380)	(250)
Rent rolls	(2)	(2)
Total amortisation	(1,901)	(1,762)
Total depreciation and amortisation	(5,540)	(5,315)
Finance costs		
Bank charges	(1,453)	(1,528)
Interest expense	(5,478)	(5,107)
Total financing costs	(6,931)	(6,635)
Rental expense on operating leases		
Minimum lease payments	(16,998)	(13,681)
Total rental expense on operating leases	(16,998)	(13,681)
Personnel expenses		
Salaries and wages	(95,768)	(87,799)
Contributions to defined contribution plans	(8,672)	(7,707)
All other personnel expenses	(11,729)	(10,425)
Total personnel expenses	(116,169)	(105,931)
Loss on disposal of property, plant and equipment		
Net loss on disposal of property, plant and equipment	(636)	-

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	2012	2011
	\$'000	\$'000
7 INCOME TAX		
(a) Income tax expense		
Current tax expense		
Current period	7,348	10,275
Over/(under) provision in prior years	308	(168)
	<hr/>	<hr/>
Deferred tax expense	7,656	10,107
Origination and reversal of temporary differences	<hr/>	<hr/>
	910	(1,159)
	<hr/>	<hr/>
	910	(1,159)
	<hr/>	<hr/>
Income tax expense	8,566	8,948
	<hr/>	<hr/>
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit for the period before tax	30,157	29,781
	<hr/>	<hr/>
Prima facie tax at 30% (2011: 30%)	9,047	8,934
	<hr/>	<hr/>
Other items	(789)	182
Over/(under) provision in prior years	308	(168)
	<hr/>	<hr/>
	8,566	8,948
	<hr/>	<hr/>
The income tax expense calculated for the Group does not include income tax expense on the profit before tax of unit trusts controlled by the Company to the extent non-controlling interests are beneficially entitled to that profit.		
8 DIVIDENDS		
<i>Dividends paid during the year to equity holders of the Company</i>		
Final franked dividend for the year ended 30 September 2011 of 9 cents per fully paid share paid on 9 January 2012 (2011: 8 cents)	4,919	4,402
	<hr/>	<hr/>
Interim franked dividend for the year ended 30 September 2012 of 10 cents per fully paid share paid on 19 June 2012 (2011: 9 cents)	5,499	4,952
	<hr/>	<hr/>
Franked dividends declared or paid during the year were franked at the tax rate of 30% (2011: 30%)	10,418	9,354
	<hr/>	<hr/>
<i>Dividends not recognised at year end</i>		
Since the year end, the directors recommended the payment of a final franked dividend to Ruralco Holdings Limited shareholders of 10.0 cents per fully paid ordinary share (2011: 9 cents). The aggregate amount of the proposed dividend, expected to be paid on 18 December 2012 out of 2012 profits, but not recognised as a liability at year end is \$5,501,928.	5,502	4,952
	<hr/>	<hr/>
9 ISSUED CAPITAL	2012	2011
	No. of shares	No. of shares
55,019,284 (2011: 55,019,284) ordinary shares fully paid	<hr/>	<hr/>
	55,019,284	55,019,284
	<hr/>	<hr/>
<i>Reserve for own shares</i>		
Treasury shares are the Company's own shares, which are held in trust for employees in a special purpose entity. The Company has created the trust for the purpose of holding shares for the benefit of eligible employees who are the beneficial owners of shares in accordance with the Company's employee share plan.		

Ruralco Holdings Limited and Controlled Entities

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Notes to the Consolidated Financial Statements

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10 SEGMENT REPORTING

The Group comprises the following operating segments:

- Rural Services which offers livestock agency, wool broking, rural merchandise, rural machinery service and sales, water broking, real estate operations and stockfeed manufacture, seed and grain marketing.
- Other Operations comprising financial services.

	Rural Services **		Other Operations		Eliminations		TOTAL	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
External revenues	1,124,338	991,158	1,051	862	-	-	1,125,389	992,020
Interest revenue	10,252	10,548	673	618	-	-	10,925	11,166
Segment revenue	<u>1,134,590</u>	<u>1,001,706</u>	<u>1,724</u>	<u>1,480</u>	<u>-</u>	<u>-</u>	<u>1,136,314</u>	<u>1,003,186</u>
Segment profit/(loss) before income tax	53,137	55,070	(179)	(347)	-	-	52,958	54,723
Unallocated expenses							(16,663)	(18,743)
Corporate overheads							36,295	35,980
Results from operating activities							(5,478)	(5,107)
Interest expense							(1,453)	(1,528)
Corporate finance costs								
Share of profit/(loss) of equity accounted investees	793	436	-	-	-	-	793	436
Income tax expense							(8,566)	(8,948)
Profit for the period							<u>21,591</u>	<u>20,833</u>
Assets								
Segment assets	631,278	574,181	1,229	(146)	(82,540)	(50,900)	549,967	523,135
Investment in associates	4,052	3,235	-	-	-	-	4,052	3,546
Unallocated assets							53,986	60,136
Total Assets							<u>608,005</u>	<u>586,817</u>
Liabilities								
Segment liabilities	449,609	424,090	1,536	238	(47,249)	(34,485)	403,896	389,843
Unallocated liabilities							32,362	29,473
Total Liabilities							<u>436,258</u>	<u>419,316</u>
Other Segment Information								
Acquisitions of non-current segment assets	4,265	4,026	4	278	-	-	4,269	4,304
Depreciation and amortisation of segment assets	4,840	4,691	12	624	-	-	4,852	5,315
Material non cash expenses other than depreciation and amortisation	2,439	3,071	-	-	-	-	2,439	3,071

During the financial year there were no changes in segment accounting policies that had a material affect on the segment information.

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most of these assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred tax balances.

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	2012 \$'000	2011 \$'000
11 FINANCING FACILITIES		
At balance date, the following financing facilities had been negotiated and were available:		
Total facilities		
- Bank overdraft	12,170	12,170
- Bank loans	97,425	87,375
	109,595	99,545
Facilities used at balance date		
- Bank overdraft	2,602	4,518
- Bank loans	22,415	22,398
	25,017	26,916
Facilities unused at balance date		
- Bank overdraft	9,568	7,652
- Bank loans	75,010	64,977
	84,578	72,629

Bank overdrafts had an average interest rate of 8.74% as at 30 September 2012 (2011: 9.68%). The main bank overdraft and loan facility is secured by first mortgages over certain land and buildings and a floating charge over the undertaking and the assets.

The Board sets the interest rate payable to depositors on a monthly basis. The average effective interest rate on depositors at 30 September 2012 is 5.75% (2011: 6.37%).

Bank loans have been drawn down as a source of finance. They mature on a monthly basis and have an effective average interest rate of 4.66% at 30 September 2012 payable monthly in arrears (2011: 5.97%).

The security for the facilities is provided by the members of the Cross Guarantee group and comprises guarantees and indemnity, and registered mortgage debentures over property owned by the Cross Guarantee group.

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12 BUSINESS COMBINATIONS

**Acquisition of controlling interest in the following legal entities
on the following dates:**

Agritech Rural Pty Ltd	1 February 2012
Agritech Rural Unit Trust	1 February 2012

Acquisition of businesses:

Farmworks Rural	1 May 2012
Saxton Rural	7 September 2012

Consideration transferred:	\$'000
Cash consideration paid on acquisition date net of cash acquired	12,958
Contingent consideration paid on prior period acquisitions	550
	<u>13,508</u>

Identifiable assets acquired and liabilities assumed:

Assets (100% of entity acquired at fair value)

Cash	406
Receivables	2,700
Other assets	135
Inventories	13,565
Property, plant and equipment	744
Tax assets	13

Liabilities (100% of entity acquired at fair value)

Payables	(9,612)
Provisions	(480)
Borrowings	(205)
	<u>7,266</u>

Goodwill:

Fair value of the consideration paid	13,364
Add: Recognised amount of non-controlling interest using proportionate interest method	1,849
Less: Recognised amount of identifiable assets acquired and liabilities assumed	(7,266)
Goodwill	<u>7,947</u>

13 NEW BUSINESSES ESTABLISHED

	Date established
MacIntyre Rural Pty Ltd	1 February 2012
Farmworks Rural Pty Ltd	1 March 2012
Ruralco Water Brokers Pty Ltd	1 April 2012
FNQG8 Pty Ltd	31 May 2012

14 DISPOSAL OF OPERATIONS

The group disposed of the Monds & Affleck business and brand for sales proceeds totalling \$2.3 million effective 9 December 2011. Pre-tax losses of approximately \$0.8 million have been recorded in the Group's profit and loss for the year ended 30 September 2012. These losses incorporate costs associated with discontinuing the Monds & Affleck business.

15 COMMITMENTS AND CONTINGENCIES

There are no significant commitments, contingent assets or contingent liabilities to be disclosed in the financial statements.

16 EVENTS AFTER BALANCE DATE

On 1 November 2012 the Group, via its wholly owned subsidiary Roberts Limited, has agreed to sell its Roberts Seeds business for \$0.95 million. This transaction is expected to settle at the end of November 2012.

Since 30 September 2012, the Groups investment in Elders Limited has decreased by \$5.7 million due to a decrease in Elders Limited's share price as quoted on the Australian Stock Exchange.