



LANDCORP FARMING LIMITED | HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020



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HALF YEAR REVIEW

CHAIR AND CHIEF EXECUTIVE

We end the half-year positively poised for a good full-year result, based on current forecasts. To date, we have come through COVID related uncertainty well, however, it is clear the pandemic will continue to impact our sector for some time to come. Supply chain logistics to get product to export markets and for procuring farm inputs are a particular challenge at present.



DR WARREN PARKER CHAIR



STEVEN CARDEN CHIEF EXECUTIVE

HALF YEAR REVIEW CONTINUED

Our strategic approach to lifting Pāmu's performance and value remains focused on delivering operational excellence on-farm, land-use change to enterprises with a smaller environmental footprint and better returns, and farm system re-design and continuous innovation both on-farm and beyond the farm gate in response to new legislation, societal expectations and the changing demands of the global market place. We are especially focused on changes that will increase farm-gate returns rather than simply the volume of production.

FINANCIALS

Pāmu has declared a net profit after tax ("NPAT") of \$8 million for the half-year ended 31 December 2020.

Pāmu's EBITDAR (earnings before interest, tax, depreciation, amortisation and revaluations), which is its preferred financial measure, saw a gain of \$14 million compared to a gain of \$22 million in the half-year to December 2019.

The lower EBITDAR reflected lower market prices for the company's red meat products. We managed to partially offset this by keeping a tight control on costs as we battened down the hatches to some extent, as COVID created uncertainty across the business sector.

Pāmu is currently forecasting a full-year EBITDAR of between \$45m and \$50m, compared to our original forecast of \$35m. The expected forecast milk payments are the key driver of this increase.

ON-FARM RESULTS

Both our livestock and dairy businesses have performed well to the end of December.

Our dairy business had a strong start to spring in terms of milk production, and while the spring and early summer weather provided some challenges, particularly in Otago, Manawatu and Northland, we are still 2% ahead of last season's production for the half-year. The availability of contractors (due to a smaller migrant workforce) has been an issue for the business and disrupted feed conservation and the establishment of crops. Milk price forecasts continue to look positive. However, there are some concerns around pay-outs related to A2 milk with COVID related access issues into China impacting demand.

In our livestock business, animals came through a mild winter well, but inclement late spring weather in the lower South Island saw large lamb deaths due to snow. This was offset to some extent by excellent lambing and calving weather in the North Island, with rain coming at the right times to grow pasture. Red meat prices are softer than last year. This is particularly the case for venison, where the price remains about 60% of last year's prices due to the impact of COVID on the export food services (restaurant) sector. While venison processors are pivoting sales to the domestic and at-home markets, recovery of prices remains linked to countries getting COVID under control.

OUR STRATEGY IN ACTION

Land-use diversification to more environmentally benign and higher return enterprises is an important component of our strategy. This includes growing our forestry business and expanding into horticulture. Our avocado plantation in Northland continues to expand, and we expect to increase our horticulture portfolio in the upcoming years.

In June 2020 the board signed off on a renewed forestry strategy that will see the company double its forestry holding over the next decade. The focus is on harnessing underutilised or less productive land for spatially integrated forest planting, to improve our financial returns, reduce erosion, increase biodiversity, provide shelter and sequester carbon. This strategy is complementary to our main farming activities and will allow investment into our pastoral business on the better-quality land. Pāmu is planting a wide range of exotics (Pinus Radiata, redwood, cypress, and eucalyptus), and natives.

MEETING FUTURE CHALLENGES

The recent Climate Change Commission report is one such opportunity – at Pāmu we are already achieving higher per animal production and more revenue from fewer animals on our farms, as we farm with more precision, fewer inputs and new systems (such as organics).

Pāmu holds a 26% interest in FarmIQ, a farm management software (“FMS”) company. Our use of FarmIQ systems is resulting in better management of farm inputs and monitoring of outputs. In our view, FMS is a crucial tool in helping the industry build a single platform for reporting and monitoring farm activity in line with impending regulatory requirements.

In addition to FMS, with research partnerships, we will continue to see reductions in methane, nitrogen, and fertiliser application in the future. Land-use change and system re-design mean Pāmu is on track to achieve a lower carbon footprint year on year while improving EBITDAR.

Pāmu is well-positioned to help achieve the Government’s stated outcomes in areas as diverse as biodiversity and youth training. We give young farmers a start with a company that prioritises training and development. We see an important part of the role we play in New Zealand agriculture is the training of New Zealand’s future farmers, with exposure to innovation and opportunities that our size and scale enable us to offer.

We have a constructive MOU with the Forest and Bird Society and our farm staff work closely with QEII, NGOs and partners to protect and restore biodiversity on our farms. Our ongoing covenanting programme with QEII is an essential part of biodiversity protection, and we are one of the largest land covenanters in the country.

We have an ambitious programme aimed at significantly reducing winter grazing on our farms. We are already very low users of winter grazing (<5% of the pastoral area) and are committed to reducing the impacts of winter grazing and area in winter crops where it makes animal welfare and financial sense to do so.

Our health and safety performance continues to improve as our safety culture ensures risks are minimised. Our focus on fatigue and mental wellbeing is also starting to achieve demonstrable results across our teams.

We look forward to a successful second half of the financial year. We want to thank all Pāmu staff for once again going ‘above and beyond’ to keep the company performing strongly in the first half of the year.



Dr Warren Parker
Chair



Steven Carden
Chief Executive



PĀMU VENISON SOURCED FROM GOUDIES FARM, REPOROA.
FARMED BY TIM AND KATE BOWRON.

MINI VENISON PIE, SWISS BROWN MUSHROOM, CREAMY
PARSNIP EMULSION, AND CRANBERRY-ORANGE RELISH.

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF MOVEMENTS IN EQUITY	9
STATEMENT OF CASH FLOWS	10
RECONCILIATION OF PROFIT AND CASH FLOWS	11
STATEMENT OF FINANCIAL POSITION	12
NOTES TO THE FINANCIAL STATEMENTS	
1 BASIS OF ACCOUNTING	13
2 SEASONALITY OF OPERATIONS	14
3 FARM OPERATING REVENUE	15
4 ACCOUNTS RECEIVABLE	16
5 LIVESTOCK	16
6 SHARE INVESTMENTS	16
7 LEASES	17
8 BANK LOANS	18
9 DIVIDENDS PAID	18
10 CONTINGENT LIABILITIES	18
11 CAPITAL COMMITMENTS	18
DIRECTORY	20

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Revenue				
Farm operating	3	112	239	117
Other business activities		5	12	6
		117	251	123
Operating expenses				
Farm working and maintenance		60	102	60
Personnel		33	68	34
Other		10	21	12
		103	191	106
(Loss) from equity accounted investments		-	(1)	(1)
Realised gain on sale of shares		-	6	6
Earnings before interest, tax, depreciation, amortisation and revaluations		14	65	22
Depreciation and amortisation		(13)	(29)	(13)
Net finance expenses		(11)	(22)	(11)
Fair value gain/(loss) on financial instruments		2	(5)	(2)
Fair value gain/(loss) on biological assets		17	(32)	71
Impairment (loss) on property, plant and equipment		-	(9)	-
Net profit/(loss) before tax		9	(32)	67
Tax (expense)/benefit		(1)	8	1
Net profit/(loss) after tax		8	(24)	68
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Fair value (loss) on land and improvements		-	(61)	(1)
Fair value gain/(loss) on share investments		4	(1)	1
Fair value gain on carbon credits		6	9	4
Tax (expense) recognised in equity		(2)	(2)	(2)
Total comprehensive income		16	(79)	70

The accompanying notes form part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Total equity \$m
Balance at 1 July 2020	125	613	1	608	1,347
Net profit after tax	-	8	-	-	8
Dividend paid	-	(5)	-	-	(5)
Fair value movement	-	-	4	6	10
Tax expense recognised in equity	-	-	(1)	(1)	(2)
Realised gain on carbon credit sales	-	1	-	(1)	-
Unaudited balance at 31 December 2020	125	617	4	612	1,358

	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Total equity \$m
Balance at 1 July 2019	125	640	1	662	1,428
Net (loss) after tax	-	(24)	-	-	(24)
Dividend paid	-	(5)	-	-	(5)
Fair value movement	-	-	(1)	(52)	(53)
Tax expense recognised in equity	-	-	-	(2)	(2)
Realised loss on share sales	-	(1)	1	-	-
Net transfers under Protected Land Agreement	-	3	-	-	3
Audited balance at 30 June 2020	125	613	1	608	1,347

	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Total equity \$m
Balance at 1 July 2019	125	640	1	662	1,428
Net profit after tax	-	68	-	-	68
Dividend paid	-	(5)	-	-	(5)
Fair value movement	-	-	1	3	4
Tax expense recognised in equity	-	-	(1)	(1)	(2)
Realised loss on share sales	-	(1)	1	-	-
Unaudited balance at 31 December 2019	125	702	2	664	1,493

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Cash flows from operating activities			
Receipts from customers:			
Livestock	42	146	46
Milk	51	100	50
Other receipts from customers	10	22	13
Dividends received	1	-	-
Payments to suppliers	(72)	(139)	(75)
Payments to employees	(34)	(62)	(33)
Interest paid	(5)	(12)	(6)
Net cash (outflows)/inflows from operating activities	(7)	55	(5)
Cash flows from investing activities			
Proceeds from sale of land and improvements	-	1	-
Proceeds from sale of other property, plant and equipment	3	4	3
Proceeds from sale of carbon credits	1	-	-
Proceeds from sale of share investments	-	13	13
Purchase and development of land and forestry	(13)	(18)	(11)
Purchase of other property, plant and equipment and intangibles	(5)	(14)	(8)
Purchase of shares and interests in joint venture investments	(1)	(9)	(9)
Net cash outflows from investing activities	(15)	(23)	(12)
Cash flows from financing activities			
Net borrowing (repayments)/receipts	34	(9)	37
Payment of lease liabilities	(7)	(15)	(7)
Dividends paid	(5)	(5)	(5)
Net cash inflows/(outflows) from financing activities	22	(29)	25
Net change in cash and cash equivalents	-	3	8
Cash and cash equivalents at beginning of year	5	2	2
Cash and cash equivalents at end of year	5	5	10

Cash and cash equivalents comprise cash balances held with registered New Zealand banks.

RECONCILIATION OF PROFIT AND CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Net profit/(loss) after tax	8	(24)	68
Non-cash items			
Non-cash livestock revenue	(15)	3	(19)
Carbon credit allocation	-	(3)	-
Depreciation and amortisation	13	29	13
Fair value movements	(19)	37	(69)
Milk futures unrealised loss (net of cash margin payment)	(3)	(5)	(3)
Lease interest	6	12	6
Impairment loss on property, plant and equipment	-	9	-
Tax expense/(benefit)	1	(8)	(1)
Movements in working capital			
Inventories	2	1	4
Accounts receivable	(8)	5	(4)
Accounts payable and accruals	7	(1)	4
Employee entitlements	(1)	5	1
Items classified as investing activities			
Net gain on movement of assets	1	(3)	(4)
Change in accounts receivable due to capital items	(1)	(3)	4
Change in accounts payable due to capital items	2	1	(3)
Net cash flows from operating activities	(7)	55	(3)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Assets				
Cash and cash equivalents		5	5	10
Accounts receivable	4	46	38	47
Inventories		10	12	9
Property held for sale		27	27	27
Livestock	5	304	273	394
Forests		42	38	39
Equity accounted investments		25	24	24
Share investments	6	42	38	38
Intangible assets		42	36	29
Property, plant and equipment		1,209	1,207	1,274
Leased assets	7	233	240	245
Total assets		1,985	1,938	2,136
Liabilities				
Bank loans	8	247	214	260
Accounts payable and accruals		21	14	19
Employee entitlements		12	13	9
Interest rate derivatives		9	12	10
Deferred tax liability		6	3	9
Lease liabilities	7	245	248	249
Redeemable preference shares		87	87	87
Total liabilities		627	591	643
Shareholders' funds				
Share capital		125	125	125
Retained earnings		617	613	702
Share revaluation reserve		4	1	2
Asset revaluation reserve		612	608	664
Total shareholders' funds		1,358	1,347	1,493
Total equity		1,358	1,347	1,493
Total equity and liabilities		1,985	1,938	2,136

Landcorp's Board of Directors authorised the financial statements for issue on 9 February 2021.

Signed on behalf of the Board



Dr. Warren Parker
Chair

9 February 2021



Chris Day
Chair of Audit and Risk Committee

9 February 2021

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 1: BASIS OF ACCOUNTING

REPORTING ENTITY

The condensed consolidated interim financial statements presented, are those of Landcorp Farming Limited ("Landcorp") together with its subsidiaries, joint ventures and associates (the "Group"). Landcorp is a profit-oriented company, incorporated and domiciled in New Zealand. Landcorp was established under the State-Owned Enterprises Act 1986 and registered under the Companies Act 1993. Landcorp's ultimate parent is the Crown, which owns 100% of Landcorp's shares, held beneficially by the Minister of Finance (50%) and the Minister for State-Owned Enterprises (50%).

Landcorp is primarily a pastoral farming company, with a growing focus on exploring alternative uses for land in its portfolio, including additional forestry and horticulture. It also has a developing foods business, marketing premium dairy and meat products under the Pāmu brand in overseas markets. Subsidiary companies and joint venture entities are involved in land development, land management, farm technology, developing genetically superior sheep, cattle and deer breeds, milk processing and sheep milk production and marketing. All material subsidiaries and equity accounted investees are incorporated or formed and domiciled in New Zealand.

BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting.

These unaudited, condensed consolidated interim financial statements do not include all of the information and disclosures required in the annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual report for the year ended 30 June 2020.

Where necessary, comparative information has been reclassified to achieve consistency with the current period's presentation.

The accounting policies used in the preparation of these financial statements are consistent with those used in the annual report for the year ended 30 June 2020.

COVID-19 PANDEMIC

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19.

Landcorp is designated an essential service under the COVID-19 alert level framework and has continued to operate as usual while the country has moved through various alert levels.

During the last six months, national supply chains have operated in near-normal conditions. However, pressure remains on international shipping routes due to the global impact of COVID-19 on international markets leading to increased charges for container freight. These factors have not so far had a significant impact on the ability of meat processors to move product, such as that supplied by Landcorp, to offshore markets.

Prices for a range of "high end" red meat products such as venison, lamb racks and some beef cuts remain depressed due to the worldwide effect of the pandemic on food service outlets. The generation of milk revenue is subject to similar supply chain risks as red meat, but our experience to date suggests that the milk supply chain is more robust due to the nature of the product.

The impact of the pandemic on property values remains unclear, in part due to a lower level of market activity on which to base an assessment of market movements. In response, Landcorp commissioned valuers to gather and collate available market evidence and complete a Market Value Change Assessment as at December 2020. This assessment suggests that values have generally stabilised, with some evidence of increased prices being obtained for North Island dairy properties in the period since June 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 2: SEASONALITY OF OPERATIONS

Landcorp's operations are seasonal and are largely a function of the annual farming cycle. The six months from July to December covered by these financial statements primarily reflect the cessation of winter and commencement of spring conditions when the majority of livestock births occur.

STATEMENT OF PROFIT OR LOSS

The overall half year net profit after tax is seasonal and reflects the following:

- Landcorp's sheep, beef and deer operations follow a cycle where the bulk of livestock is reared in spring and conditioned for sale over the late summer and autumn period. This means that a large portion of Landcorp's livestock income is not generated until the second half of the financial year. The sale prices for processed livestock will be a function of market conditions at the time of sale and will reflect the prevailing impact of international commodity prices, exchange rates and any local climatic considerations.
- Harvested feed, comprising hay, silage and baleage, is generally harvested in late summer, during the second half of the financial year, and consumed in winter and early spring, in the first half of the financial year. Consequently, the six months to 31 December 2020 reflect the cost of the seasonal consumption of this feed. The second half of the financial year will reflect the benefit of rebuilding feed stocks for consumption early in the following financial year.
- Under NZ IFRS, Landcorp revalues livestock at each balance date and includes the revaluation gain or loss within profit. The value of livestock will reflect market conditions at the time and is likely to change between balance dates. Hence, any profit or loss arising from livestock revaluations at 31 December 2020 may not reflect the market conditions prevailing at the financial year end.

STATEMENT OF FINANCIAL POSITION

Landcorp's Statement of Financial Position at 31 December 2020 reflects the following seasonal factors:

- Landcorp's policy is to review the fair value of land and improvements annually. If there is a material change in fair values a revaluation is performed. At a minimum a revaluation of the portfolio is performed every 3 years. The last full revaluation of the portfolio took place in June 2019.

In response to a fall in property values during the 2020 financial year, the company completed an indexation exercise in June 2020 to reduce carrying values of land and improvements in line with advice from the company's valuers (Rural Value). Further advice on valuations has been obtained from Rural Value prior to the preparation of these financial statements, and Directors are currently of the view that, based on available market evidence, making further adjustments to property values is not necessary at this time. Therefore, the half year financial statements do not reflect any changes in market values of land and improvements from 1 July 2020 to 31 December 2020.

- Term debt is seasonal as much of Landcorp's revenue is not received in cash until the second half of the financial year. This reflects both the timing of livestock sales and the date at which milk solids revenue is received.
- Inventories of harvested feed reflect the seasonal consumption/production cycle.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 3: FARM OPERATING REVENUE

Farm operating revenue is derived from the sale of livestock, milk and other agricultural produce such as wool and timber. Revenue is measured at the transaction price specified in the customer contract.

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Livestock	47	127	50
Milk	64	107	65
Wool	1	3	1
Forestry	-	2	1
Total farm operating revenue	112	239	117

LIVESTOCK REVENUE

Livestock revenue includes the recognition of net gains or losses arising from sales to customers, as well as volume changes due to the birth, growth and death of livestock. Any value change arising from a change in livestock numbers is calculated by assigning an internally annual value to each livestock class.

Landcorp's livestock revenue by species/composition was:

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Sheep	20	51	20
Beef	16	41	17
Dairy	7	18	9
Deer	4	17	4
Total livestock revenue	47	127	50
Livestock sales	44	144	44
Livestock purchases	(11)	(14)	(12)
Birth of animals	25	39	26
Growth of animals	27	79	26
Livestock losses	(6)	(12)	(6)
Book value of livestock purchased	6	8	6
Book value of livestock sold	(38)	(117)	(34)
Total livestock revenue	47	127	50

MILK REVENUE

The full amount of any realised gains or losses on milk futures is accounted for within milk revenue in the year that settlement occurs.

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Milk revenue	66	107	66
Prior season realised milk futures loss transfer from fair value loss on financial instruments	(2)	-	(1)
Total milk revenue	64	107	65

The fair value gains or losses on these futures are reported as a component of fair value movements on financial instruments within the Statement of Profit or Loss. Fair value movements on financial instruments at 31 December 2020 included \$3m of unrealised fair value losses from milk price futures relating to current and future seasons (Jun 20: \$5m loss, Dec 19: \$4m loss).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 4: ACCOUNTS RECEIVABLE

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Trade debtors	3	6	4
Milk income receivable	30	19	31
Other receivables and prepayments	14	13	12
Total accounts receivable	47	38	47

NOTE 5: LIVESTOCK

Livestock are recorded at fair value less estimated point-of-sale costs. Value changes that form part of Landcorp's livestock management policies, including animal growth and changes in livestock numbers, are recognised within revenue in the Statement of Profit or Loss. Changes in value due to general livestock price movements are beyond Landcorp's control and so do not form part of Landcorp's livestock management policies. These value changes are recognised in the Statement of Profit or Loss within fair value movement in biological assets. Livestock valuations at 31 December 2020 were provided by independent valuers. These market values reflect livestock of similar weight and age throughout New Zealand.

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Livestock value at start of year	273	305	305
Birth and growth of animals	52	118	52
Livestock losses	(6)	(12)	(6)
Book value of livestock purchased and sold	(32)	(109)	(28)
Fair value gain/(loss)	17	(29)	71
Balance at end of period	304	273	394

NOTE 6: SHARE INVESTMENTS

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Share investments at fair value through Profit or Loss:			
Other	1	1	1
Share investments at fair value through Other Comprehensive Income:			
Fonterra Co-operative Group Limited	29	24	26
Waimakariri Irrigation Limited	10	10	9
Ravensdown Limited	1	2	1
MHV Water Limited	1	1	1
Total share investments	42	38	38

The Group is required to hold certain shares in co-operative companies to facilitate farming operations. These are not held for trading. Share investments are initially recognised at cost, and subsequently revalued to fair market value. Landcorp has elected to account for fair value changes through Other Comprehensive Income except in cases where the shares can be redeemed at "par" value from the issuer. In such cases any value change will be accounted for through the Statement of Profit or Loss. Any dividends from share investments are recognised in the Statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 7: LEASES

The Group leases farm land, office buildings and telecommunications equipment. For all leases the Group recognises assets and liabilities in the Statement of Financial Position. Leased assets and liabilities are initially recognised at the present value of remaining unpaid lease payments discounted by Landcorp's incremental borrowing rate. Thereafter leased assets are depreciated over the life of the lease and lease liabilities reduce as lease payments are made. After commencement of a lease, any subsequent changes to the lease payments are reflected as a lease remeasure adjustment.

The Group leases land in Wairakei, north east of Taupō used predominantly for dairy farming. The lease was entered into in 2004 with land being handed over progressively during the lease term which ceases in 2049. The land handed over has previously been used for forestry, and the lease requires Landcorp to convert this land to pastoral farming. Lease payments can vary depending on market valuations. At 31 December 2020, approximately 14,810 hectares of land had been handed over across 12 transfers. The final parcel of land is expected to be handed over in 2032 when approximately 14,893 hectares would have been leased.

Other leases held by the Group vary in length. Some leases include options to renew the lease for an additional period after the end of the contract term.

Details of the Group's leased assets are as follows:

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Opening balance	251	251	251
Lease remeasure adjustment	(2)	-	-
Additions	1	-	-
Balance at end of year	250	251	251
Accumulated depreciation			
Opening balance	(11)	-	-
Depreciation	(6)	(11)	(6)
Balance at end of year	(17)	(11)	(6)
Total leased assets	233	240	245

The undiscounted maturity analysis of lease liabilities is as follows:

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Lease payments:			
Less than one year	15	15	13
One to five years	60	92	56
More than five years	378	354	396
	453	461	465
Interest expense on lease liability:			
Less than one year	(12)	(12)	(12)
One to five years	(45)	(67)	(45)
More than five years	(151)	(134)	(159)
	(208)	(213)	(216)
Total lease liabilities	245	248	249

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTE 8: BANK LOANS

Bank loans are the drawn components of bank cash advance facilities. The facilities may be borrowed against, or repaid, at any time by Landcorp. The facilities are subject to a negative pledge agreement which means that Landcorp may not grant a security interest over its assets without the consent of its lenders. Facilities are either on a daily floating interest rate or a short-term fixed rate and therefore carrying value approximates fair value.

Cash advance facilities are as follows:

	Unaudited 6 months ended 31 Dec 20 \$m	Audited 12 months ended 30 Jun 20 \$m	Unaudited 6 months ended 31 Dec 19 \$m
Drawn	247	214	260
Undrawn	68	101	55
Total bank loans	315	315	315

Cash advance facilities are committed to:

Within one year	115	30	110
One to five years	200	285	205
Total bank loans	315	315	315

NOTE 9: DIVIDENDS PAID

A final dividend for the 2019/20 financial year of \$5m was declared in August 2020 and paid in August 2020 (2018/19: \$5m).

NOTE 10: CONTINGENT LIABILITIES

At 31 December 2020 Landcorp had no contingent assets or liabilities.

NOTE 11: CAPITAL COMMITMENTS

At 31 December 2020 Landcorp had no capital commitments.



DIRECTORY

CORPORATE AND REGISTERED OFFICE

Landcorp Farming Limited
Level 2
15 Allen Street
PO Box 5349
Wellington 6140
Tel: (04) 381 4050

WEBSITES

pāmu.co.nz
pāmumilk.com

DIRECTORS

Dr Warren Parker, Chair
Nigel Atherfold
Chris Day
Jo Davidson
Hayley Gourley
Dr Tanira Kingi
Belinda Storey
Doug Woolerton

LEADERSHIP TEAM

Steven Carden
Chief Executive Officer
Steven McJorow
Chief Financial Officer
Mark Julian
GM Dairy Operations
Stephen Tickner
GM Livestock Operations
Alistair McMechan
General Counsel and Company Secretary
Sarah Risell
GM Pāmu Foods
Andrew Sliper
GM Forestry and Horticulture
Bernadette Kelly
GM People, Safety and Engagement
Lisa Martin
GM Sustainability and Farm Systems

AUDITOR

Sonia Isaac, KPMG
(under appointment of the Auditor-General)

BANKERS

Westpac New Zealand Limited
ANZ Bank New Zealand Limited
ASB Bank Limited

FURTHER INFORMATION

If you would like more information on anything contained in this report please contact:

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