

# NOTICE OF GENERAL MEETING

Ridley Corporation Limited  
ABN 33 006 708 765



Notice is hereby given that a General Meeting (Meeting) of Ridley Corporation Limited (Ridley) will be held in the Rialto Room 1 at the Intercontinental Hotel, 495 Collins Street, Melbourne 3000 on Monday 24 June 2013 at 10.00am. Registration will commence at 9.00am.

Please note that all times are Australian Eastern Standard Time (AEST) and all monetary amounts are provided in Australian currency.

## Item of business

### 1. Return of capital to shareholders

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

'That for the purposes of Part 2J.1 of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for the share capital of Ridley to be reduced by \$23.1 million, such reduction of capital to be effected by Ridley paying to each registered holder of fully paid ordinary shares in Ridley as at 7.00pm on 2 July 2013 the amount of \$0.075 per fully paid ordinary share in Ridley held by that holder as at that time.'

### Determination of entitlement to attend and to vote

Shareholders on the register of members of Ridley as at 7.00pm on Saturday 22 June 2013 will be entitled to attend and vote at the meeting.

A detailed explanation of the background and reasons for the proposed Resolution is set out in the attached Explanatory Memorandum.

### Chairman's voting intention

The Chairman of the Meeting intends to vote all available proxies in favour of the above Item.

By order of the Board.

Alan M Boyd  
Company Secretary

13 May 2013

## Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each member for the purposes of ascertaining voting entitlements for the Meeting will be as it appears on the share register at 7.00pm on Saturday 22 June 2013. This means that if you are not the registered holder of a relevant share at that time, you will not be entitled to vote in respect of that share.

## Proxies

1. If you cannot attend the Meeting, you may appoint a proxy to attend and vote for you. A proxy may be a person or a body corporate, need not be a shareholder of Ridley, and has the right to vote on any poll and also to speak at the meeting. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no such proportion or number is specified, each proxy may exercise half of your votes.

Ridley's constitution provides that, on a show of hands, every person present and qualified to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands. If you appoint a proxy who is also a Ridley shareholder, or is also a proxy for another Ridley shareholder, your voting directions may not be effective on a show of hands. Your directions will be effective if a poll is conducted.

2. The personalised Ridley proxy form for the meeting is enclosed. Proxy voting instructions are provided on the front of the proxy form. You can obtain a replacement or duplicate proxy form to appoint a second proxy by contacting Ridley's share registry, the contact details for which are provided below.

3. Proxies must be received not less than 48 hours before the meeting, being 10.00am on Saturday 22 June 2013, and can be lodged:

### By fax

Australia 1800 783 447  
Overseas +61 3 9473 2555

### In person

**Registered office**  
Level 4, 565 Bourke Street  
Melbourne Victoria 3000

### Share registry

Computershare Investor Services Pty Ltd  
Yarra Falls 452 Johnston Street  
Abbotsford Victoria 3067

### By mail

**Registered office**  
Level 4, 565 Bourke Street  
Melbourne Victoria 3000

### Share registry

Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001

### Online

[www.investorvote.com.au](http://www.investorvote.com.au)

Please submit your votes electronically by entering the control number on the front page of the proxy form and follow the prompts. For custodians who are subscribers of Intermediary Online, please submit your votes via [www.intermediaryonline.com](http://www.intermediaryonline.com)

## Admission to meeting

Each shareholder attending the General Meeting and not appointing a proxy is requested to bring his or her proxy form to the meeting to assist with registration.

If you are not planning to attend the meeting, you are encouraged to complete and return or submit online your proxy form for your holding of Ridley shares.

# EXPLANATORY MEMORANDUM

This Explanatory Memorandum is an important document and should be read carefully.

## Resolution 1. Return of capital to shareholders

### Section 1.1 Proposed return of capital

#### (i) Return of capital

Ridley proposes to make a cash payment to shareholders of \$0.075 (7.5 cents) per fully paid ordinary share in Ridley, representing an aggregate return of capital of \$23.1 million.

#### (ii) Record date

If the return of capital is approved by Ridley shareholders, then the record date for the determination of entitlement to receive such return is 7.00pm AEST on Tuesday 2 July 2013. As a consequence, ASX is expected to trade Ridley shares ex-capital return as from commencement of market trade on Wednesday 26 June 2013 such that buyers of Ridley shares after this time will not be entitled to be paid the capital return.

#### (iii) Timing of payment

If the resolution is approved by shareholders, the despatch of cheques, or electronic transfer of funds for those shareholders who have elected to receive payment directly into their nominated account, is planned to occur by Friday 5 July 2013.

Ridley shareholders who wish to receive their capital return by electronic transfer but who have not made such an election, should contact Ridley's Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) before the record date.

### Section 1.2 Reasons for the proposed return of capital

In accordance with a previously announced objective to unlock shareholder value by releasing its salt business from the Ridley ownership structure, on 29 November 2012 Ridley announced the signing of agreements to sell Cheetham Salt Limited (Cheetham Salt) for \$150 million. Completion of this transaction was effected and announced on 28 February 2013, leaving Ridley positioned as a leading agribusiness with strong potential for future growth focused on the supply of nutrients, ingredients and feed for the safe and sustainable production of food from livestock.

Following the successful divestment and receipt of \$150 million of cash consideration, of which \$80 million was immediately applied to the retirement of debt in accordance with the requirements of the Ridley banking facility, Ridley's Directors consider that Ridley has capital available from the divestment which should be returned to Ridley shareholders.

Ridley Directors believe that the return of this capital takes into account the interests of all shareholders whilst leaving Ridley appropriately geared and capitalised for its existing business to take advantage of future growth opportunities in the agribusiness sector and to maximise the long term sustainable returns to shareholders.

### Section 1.3 Requirements for the return of capital

Given that the proposed return of capital relates to only ordinary shares on issue, applies to each holder of ordinary shares in proportion to their holding, and the terms of the reduction are the same for each holder of ordinary shares, the capital return constitutes an equal reduction of Ridley's share capital for the purposes of the Corporations Act 2001 (Cth) (the Corporations Act).

The Corporations Act requirements for an equal reduction of a company's share capital by way of capital return are threefold, and each requirement is set out below, together with a description of how that particular requirement is met.

Requirement	How the requirement is met
The reduction must be fair and reasonable to the company's shareholders as a whole.	Ridley's Directors believe that the return of capital is fair and reasonable to Ridley shareholders as a whole. All shareholders will be treated in the same manner in respect of the proportion of the share capital of Ridley being returned.
The reduction must not materially prejudice the company's ability to pay its creditors.	Ridley's Directors have carefully considered Ridley's assets, liabilities and expected cash flows, and believe that the capital return will not materially prejudice Ridley's ability to pay its creditors. Ridley's Directors have also satisfied themselves as to the solvency of the Company following the return of capital.
The reduction must be approved by the company's shareholders in accordance with section 256C of the Corporations Act.	This requirement is the reason that shareholder approval is being sought. In the context of an equal reduction of capital, the reduction must be approved by the company's shareholders by passing an ordinary resolution to approve the capital return.

## Section 1.4 Effect of the capital return on Ridley

### (i) Effect on capital structure

After the return of capital, Ridley's share capital will be reduced by approximately \$23.1 million.

No shares will be cancelled in connection with the return of capital. Accordingly, the return of capital will not affect the number of shares held by each Ridley shareholder, nor will it affect the control of Ridley. No fractional entitlements will arise from the return of capital.

A secondary impact on the capital structure arises in respect of performance rights as issued under the Ridley Long Term Incentive Plan (Plan) and under the Ridley Corporation Special Retention Plan as detailed in the Remuneration Report within the 2012 Annual Report. These performance rights will vest in the proportion that the capital return bears to the value of Ridley shares immediately prior to the date of this meeting. For example, if the 10 day Volume Weighted Average Price (VWAP) of Ridley shares prior to the date of this meeting was \$1.00, then the post-distribution Ridley share price would be expected to fall by 7.5 cents (7.5%) to \$0.925 per share. 7.5% of performance rights would then automatically vest prior to the distribution date so that the shares acquired from the vesting can participate in the capital distribution together with other shareholders. The remaining portion of existing performance rights will remain unaffected and be tested in the usual manner, taking into account the impact that the distribution has had when considering performance at the test date.

In accordance with Listing Rule 7.21, the holders of performance rights issued under the Plan will not receive a benefit that holders of ordinary securities will not receive.

### (ii) Impact on growth strategies

In light of the financial position of Ridley, the current intentions in relation to growth opportunities, business development and the capacity to raise additional finance and capital if required, the Directors consider that the return of capital will not materially prejudice Ridley's ability to fund investment in its core business as it seeks to position itself as a leading agribusiness with potential for future growth focused on the supply of nutrients, ingredients and feed for the safe and sustainable production of food from livestock.

The Ridley Board believes that the proposed return of capital takes into account the interests of all stakeholders and will leave Ridley appropriately geared and capitalised to grow its existing business.

### (iii) Share price impact

If the proposed return of capital is implemented, Ridley shares may trade at a lower price following the 'ex' date for the return of capital than they would have done had the return of capital not been made. This is due to the outflow of funds to shareholders.

### (iv) Impact on financial position of Ridley

As a guide, Ridley has prepared the pro forma balance sheet set out in section 1.5 below. On a pro forma basis as at 31 December 2012 adjusted for the divestment of Cheetham Salt and the proposed return of capital as shown, Ridley would have a net debt position of \$63.1 million and net assets of \$212.9 million.

### (v) Dividends

Ridley does not have a formal dividend policy but has traditionally paid in the vicinity of 80% of its after tax profits to shareholders by way of dividend. The Ridley Board will endeavour to adopt a consistent dividend profile in the future which reflects the earnings and cash flow conversion of the business and the growth opportunities prevalent and foreseeable at the time of dividend declaration.

### (vi) Tax implications for Ridley

No adverse tax consequences are expected to arise for Ridley as a result of the capital return.

## Section 1.5 Pro forma balance sheet

### (i) Basis of preparation

The pro forma balance sheet below includes the financials of Ridley together with the entities controlled by Ridley following the 31 December 2012 acquisition of the rendering business of BPL Melbourne.

At 31 December 2012, the assets and liabilities of Cheetham Salt Limited have been segregated and reported as a discontinued operation. The former Cheetham Salt Limited assets located at Dry Creek, Lara, Moolap and Bowen, have all been excluded from the divestment and their ownership transferred to Ridley.

The pro forma balance sheet has been derived from the financial statements of Ridley for the half year ended 31 December 2012, and reflects the position as if the divestment of Cheetham Salt Limited had occurred and the capital return completed all as at that date. As a result, the actual impact of the divestment transaction may differ.

## EXPLANATORY MEMORANDUM CONTINUED

The Ridley Financial Report for the half year ended 31 December 2012 was reviewed by KPMG in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report performed by the Independent Auditor of the Entity*, and the review statement issued relating to the half year was unqualified.

The pro forma balance sheet has been prepared:

- (a) based on the significant accounting policies disclosed in the Ridley 2012 Annual Report; and
- (b) by applying relevant pro forma adjustments described in this section to the historical Ridley balance sheet as at 31 December 2012.

The pro forma balance sheet is presented in abbreviated form and does not contain all of the disclosures that are usually provided in an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

### (ii) Pro forma balance sheet

Note references to the pro forma balance sheet overleaf are as follows:

- (a) Comprises balances as reported in the Appendix 4D for the half year ended 31 December 2012. Assets and liabilities of Cheetham Salt being sold in the transaction which completed on 28 February 2013, have been separately reported as assets and liabilities held for sale of \$155.5 million and \$11.5 million respectively. The pro forma balance sheet excludes movements in Cheetham Salt balances from 1 January 2013 to 28 February 2013.
- (b) Total consideration for the sale of Cheetham Salt is \$150.0 million, of which \$80.0 million has been applied against debt retirement, \$6.0 million assumed to be expended on transaction costs, and the residual \$64.0 million offset against the level of debt drawn down as at 31 December 2012.

Figures in the pro forma balance sheet are disclosed before the reversal of deferred tax balances but after the realisation of reserves associated with the Cheetham Salt divestment, including the \$7.5 million realisation of the residual balance of the asset revaluation reserve which crystallised on the 28 February 2013 date of completion of the Cheetham Salt divestment.

- (c) The Capital Return comprises a payment of 7.5 cents per share for 307,817,071 ordinary shares on issue (\$23.1 million) plus an estimated \$200,000 for the associated meeting, share registry and legal costs.
- (d) Adjusted pro forma balance sheet balances include all assets and liabilities associated with the Dry Creek operation excluded from the Cheetham Salt divestment and retained by Ridley. No allowance has been made for any asset impairments or compensation payable to Ridley arising from the early termination on 30 June 2013 by Penrice Soda Holdings Ltd of the salt Supply Agreement currently exclusively serviced by the Dry Creek operation.

## CONSOLIDATED PRO FORMA RIDLEY BALANCE SHEET

AS AT 31 DECEMBER 2012

	Total Ridley Group	Cheetham Salt (CSL) Sale	Ridley Exc CSL	Capital Return	Ridley Post CSL Sale and Capital Return
	Note (a)	Note (b)		Note (c)	Note (d)
Cash and cash equivalents	22,803		<b>22,803</b>	(22,803)	-
Receivables	76,524		<b>76,524</b>		<b>76,524</b>
Inventory	64,990		<b>64,990</b>		<b>64,990</b>
Cheetham Salt assets held for sale	155,486	(155,486)	-		-
Ridley assets held for sale	2,622		<b>2,622</b>		<b>2,622</b>
Tax receivable	76		<b>76</b>		<b>76</b>
<b>Total current assets</b>	<b>322,501</b>	<b>(155,486)</b>	<b>167,015</b>	<b>(22,803)</b>	<b>144,212</b>
Investments accounted for using the equity method	2,310		<b>2,310</b>		<b>2,310</b>
Property, plant and equipment	157,151		<b>157,151</b>		<b>157,151</b>
Intangible assets	78,036		<b>78,036</b>		<b>78,036</b>
Inventories	3,575		<b>3,575</b>		<b>3,575</b>
Deferred tax asset	3,066		<b>3,066</b>		<b>3,066</b>
<b>Total non-current assets</b>	<b>244,138</b>	-	<b>244,138</b>	-	<b>244,138</b>
<b>Total assets</b>	<b>566,639</b>	<b>(155,486)</b>	<b>411,153</b>	<b>(22,803)</b>	<b>388,350</b>
Payables	101,454		<b>101,454</b>		<b>101,454</b>
Borrowings	80,000	(80,000)	-		-
Tax liabilities	191		<b>191</b>		<b>191</b>
Provisions	9,157		<b>9,157</b>		<b>9,157</b>
Liabilities held for sale	11,486	(11,486)	-		-
<b>Total current liabilities</b>	<b>202,288</b>	<b>(91,486)</b>	<b>110,802</b>	-	<b>110,802</b>
Borrowings	126,639	(64,000)	<b>62,639</b>	483	<b>63,122</b>
Provisions	1,033		<b>1,033</b>		<b>1,033</b>
Retirement benefit obligations	445		<b>445</b>		<b>445</b>
<b>Total non-current liabilities</b>	<b>128,117</b>	<b>(64,000)</b>	<b>64,117</b>	<b>483</b>	<b>64,600</b>
<b>Total liabilities</b>	<b>330,405</b>	<b>(155,486)</b>	<b>174,919</b>	<b>483</b>	<b>175,402</b>
<b>Net assets</b>	<b>236,234</b>	-	<b>236,234</b>	<b>(23,286)</b>	<b>212,948</b>
Share capital	237,531		<b>237,531</b>	(23,286)	<b>214,245</b>
Reserves	7,464	(5,865)	<b>1,599</b>		<b>1,599</b>
Retained profits	(8,761)	5,865	<b>(2,896)</b>		<b>(2,896)</b>
<b>Total shareholders' equity</b>	<b>236,234</b>	-	<b>236,234</b>	<b>(23,286)</b>	<b>212,948</b>

## EXPLANATORY MEMORANDUM CONTINUED

### Section 1.6 Ability to pay creditors not materially prejudiced

Ridley has conducted a review of its financial position and outlook under a range of possible business and operating environments in order to assess Ridley's capacity to pay its creditors following the return of capital.

The review was conducted by management and endorsed by the Ridley Board, who collectively formed the view that, even with a conservative outlook, Ridley would have the capacity to meet the claims of its creditors following the return of capital and therefore that the capital return does not materially prejudice Ridley's ability to pay its creditors.

### Section 1.7 Tax implications for Ridley shareholders

The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each individual shareholder. Accordingly, shareholders are encouraged to seek their own independent advice in relation to their tax position. Neither Ridley, nor any of its officers, employees or advisers, assumes any liability or responsibility whatsoever for advising shareholders about the tax consequences for them from the proposed capital return.

It is expected that the tax consequences to shareholders will be as follows:

- (i) for all shareholders, that no part of the proposed capital return will be treated as a dividend for income tax purposes; and
- (ii) for Australian shareholders that hold the shares on capital account, that:
  - (a) if the cost base of a share is less than the capital return amount (on a cents per share basis), then an immediate capital gain may arise for the difference; and
  - (b) otherwise, the cost base of each share will be reduced by the capital return amount (on a cents per share basis) for the purpose of calculating any capital gain or loss on the ultimate disposal of that share.

Ridley has sought a Class Ruling on these income tax implications, and has received a draft of that Class Ruling from the Australian Taxation Office which is consistent with the expected consequences outlined above. The ruling will be finalised after the capital return has taken place.

Australian resident shareholders that hold the shares as trading stock or otherwise on revenue account should seek independent tax advice in relation to the treatment of the capital return.

### Non-resident shareholders

Existing Ridley shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the tax consequences arising from the return of capital under the laws of the country of their residence.

### Section 1.8 Directors' interests and voting intentions

The number of shares in which each Director has an interest as at the date of this Notice of General Meeting is set out in the table below.

For the reasons set out below, Ridley's Directors unanimously recommend that shareholders vote in favour of the proposed reduction of capital, and each Director intends to vote all of his or her Ridley interests in favour of the resolution.

### Section 1.9 No other material information

Other than as set out in this document, and other than information previously disclosed to Ridley shareholders, there is no other information that is known to the Directors which may reasonably be expected to be material to the making of a decision by Ridley shareholders whether or not to vote in favour of the capital reduction.

Director	Fully paid ordinary shares	Ridley performance rights
JM Spark	398,500	-
J Murray	592,024	1,843,000*
RJ Lee	284,857	-
PM Mann	86,625	-
AL Vizard	46,658	-
RJ van Barneveld	35,000	-
G Weiss	25,000	-

\* As noted in Section 1.4(i), performance rights will vest in the proportion that the capital return bears to the value of Ridley shares immediately prior to the capital return.

# QUESTIONS FROM SHAREHOLDERS

Please use this form to submit any questions concerning the Company that you would like us to respond to at the Meeting. Your questions should relate to matters that are relevant to the business of the Meeting, as outlined in the accompanying Notice of Meeting and Explanatory Notes.

We will respond to as many of the more frequently asked questions as possible at the Meeting. Please note we will not be able to reply individually.

Please return this form to the Company's Share Registry, Computershare by fax to (03) 9473 2555.

Shareholder's name

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Address

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Question(s)

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