Ridley Corporation Limited

Appendix 4E Preliminary final report

ABN 33 006 708 765

Results for announcement to the market

Reporting period: Financial year ended 30 June 2013
Previous corresponding period: Financial year ended 30 June 2012
Release date: 21 August 2013

	$A'000
Revenue from continuing operations	Up 12.7% to 716,318
Loss from continuing operations after tax	Down 255.9% to (21,009)
Net loss for the period attributable to members	Down 212.7% to (21,694)

Dividends	Amount per security	Franked amount per security
Final dividend	-	-
Interim dividend	-	-

Record date for determining entitlements to the final dividend	N/A

	30 June 2013	30 June 2012
Net tangible asset backing per ordinary share	0.42	0.83

Brief Explanation

See pages 2 to 11.

Audit statement

This report is based on accounts which are in the process of being audited. There is not expected to be any dispute or qualification to the Company’s financial report. The audit report will be made available with the Company's financial report.

RIDLEY

RIDLEY DELIVERS STABLE UNDERLYING EARNINGS FROM CONTINUING OPERATIONS AND RESTRUCTURED FOR GROWTH

Ridley has reported EBIT from continuing operations and before non-recurring costs for the year of $23.9 million, a slight increase on the $23.2 million prior year equivalent.

After accounting for non-recurring, pre-tax write downs, impairments and transaction costs of $37.2 million, Ridley Corporation Limited (**Ridley**) has recorded a consolidated loss after tax of $21.7 million for the year ended 30 June 2013 (**FY13**).

RESULTS SUMMARY

Table 1

	2013 A$'000	**Restated 2012 ^ A$'000**	**Percentage change ^**	**2012 # A$'000**
Sales revenue	716,318	635,792	12.7%	734,695
Gross profit	56,418	55,405	1.8%	74,636
Profit/(Loss) before tax – continuing only	(21,009)	13,472	(255.9%)	26,355
Profit/(Loss) after tax - statutory total	**(21,694)**	**7,348**	(395.2%)	**19,253**

^ Comparative numbers restated to exclude Cheetham Salt
# Comparative numbers include Cheetham Salt.

The profit and loss summary with a prior period comparison provided in Table 1 above and Table 2 below, and the cash flow information provided in Table 3, have each been sourced from the audited accounts but have not been subject to separate review or audit. The Directors believe that the presentation of this non-IFRS financial profit and loss and cash flow summary is useful for the users of this document as it reflects the significant results of the business.

OPERATING RESULT

As advised to the market on 22 March 2013, the operational performance for FY13 was affected by a number of headwinds, including continued price pressure in the dairy industry, ongoing reductions in the use of compound feed by dairy farmers, over-supply and fierce competition in the packaged products sector, and ongoing restrictions on rendered product exports to certain Asian countries arising from Avian Influenza outbreaks. On a positive note, both rendering businesses performed satisfactorily in all other respects, and there was an increase in broiler placements which flowed through in the second half year. The aquafeeds division performed above expectations and the reopening of the export markets in Thailand and Vietnam for poultry meal improved the rendering operations in the fourth quarter. In the March release, we advised that the subdued trading conditions were expected to constrain Ridley AgriProducts' full year Earnings Before Interest and Tax (**EBIT**) to a level similar to the $27.2 million recorded in the 2012 financial year.

For the year ended 30 June 2013, Ridley AgriProducts has recorded an EBIT of $28.1 million, its second highest result on record, almost $1 million ahead of the guidance and within a Ridley consolidated EBIT from continuing operations of $23.9 million before non-recurring costs.

The full year consolidated EBIT includes Ridley Corporate costs of $5.7 million and Property Realisation costs of $1.9 million, whilst the eight month contribution from Cheetham Salt prior to its 28 February 2013 divestment is separately reported in the profit and loss within the $5.1 million loss from the Discontinued Operation.

Sales revenue and gross profit (excluding Cheetham Salt)

Consolidated sales revenue for FY13 was $716.3 million (2012: $635.8 million), 12.7% or $80.5 million up on the prior year equivalent. Gross profit was $56.4 million, $1.0 million above last year's $55.4 million equivalent.

PROFIT AND LOSS ACCOUNT (in $ million)

Table 2

Earnings from operations before finance income and expense and tax expense (EBIT):	**2013**	**Restated 2012 ^**	**Movement**
Ridley AgriProducts	28.1	27.2	0.9
Corporate	(5.7)	(6.7)	1.0
Property Realisation	(1.9)	(0.7)	(1.2)
Salt (Dry Creek) #	3.4	3.4	-
EBIT from operations before non-recurring costs and Discontinued Operation	**23.9**	**23.2**	**0.7**
Net Finance costs	(7.7)	(9.3)	1.6
Income tax expense (excluding non-recurring transactions & Discontinued Operation)	(4.3)	(6.1)	1.8
Net profit from continuing operations after tax before non-recurring costs	**11.9**	**7.8**	**4.1**
Other, Non-recurring costs incurred:			
Write off of Dry Creek goodwill	(5.0)	-	(5.0)
Impairment of Dry Creek salt fields	(14.7)	-	(14.7)
Write off of Dry Creek fixed assets and inventory	(14.3)	-	(14.3)
Transaction costs - rendering business acquisition	(3.2)	(0.4)	(2.8)
Tax effect of non-recurring transactions	8.7	-	8.7
Reported net (loss) / profit from continuing operations	**(16.6)**	**7.4**	**(24.0)**
Discontinued Operation	**(5.1)**	**11.9**	**(17.0)**
Reported net (loss) / profit	**(21.7)**	**19.3**	**(41.0)**
Earnings per share (cents):			
(i) continuing	(5.4)	2.4	7.8
(ii) reported	(7.0)	6.3	(13.3)

^ FY12 restated to reclassify Cheetham Salt result and tax expense ($1.0m) as Discontinued Operation.

Excludes the costs of restructuring which have been separately reported.

Corporate and Property Realisation costs

Corporate costs of $5.7 million are $1.0 million lower than the prior year comparative due to the share-based payment expense relating to the rights issued under the May 2012 Special Retention Plan being reported as part of the profit from the Discontinued Operation.

Property realisation costs of $1.9 million are $1.2 million higher than the prior period due to an increase in consulting and advisory activity for the Dry Creek, Moolap and Lara sites which were transferred from Cheetham Salt to Ridley ownership during the year.

Salt

The $3.4 million of earnings from Salt reflect a full year's operation for the Dry Creek salt field in servicing the Penrice salt supply agreement which terminated on 30 June 2013. Termination costs are separately reported below within the non-recurring costs for the year.

Net Finance costs

The net finance costs of $7.7 million are $1.6 million lower than the prior period (2012: $9.3 million). The reduction reflects progressive lowering of the official interest rate during the year partially offset by the incremental three month bridging finance cost associated with the c.$80 million outlay on 31 December 2012 to acquire the CSF Proteins Melbourne rendering business. Upon receipt of the Cheetham Salt divestment funds on 28 February 2013, a mandatory $80 million of bank debt was retired, with the balance of the proceeds applied to lower the net borrowing position.

Income tax expense

The tax payable on the profits of the Cheetham Salt business prior to its divestment were calculated as being $1.4 million as at the date of exit, and this is reflected in the Discontinued Operation note (Note 5). A taxable loss of $7.1 million was generated on the actual divestment and added to existing brought forward capital losses not brought to account.

The write off of depreciable assets and inventory at Dry Creek prior to year end has contributed to a consolidated income tax benefit for the year of $4.4 million, comprising a tax benefit on non-recurring Other costs of $8.7 million and an expense on ordinary, continuing operations of $4.3 million.

Absent any event in the coming year that gives rise to a material difference between the tax and accounting treatment, the effective tax rate is expected to return to slightly below the prima facie tax rate of 30%.

Non-recurring costs – Pre-tax Dry Creek goodwill, impairment, asset write offs and transaction costs

(i) $5.0m - Goodwill

The exclusion of the Dry Creek salt field from the Cheetham Salt sale process necessitated the write off (at 31 December 2012) of the $5.0 million of goodwill that arose on the original acquisition of the Dry Creek business.

(ii) $14.7m - Impairment

The highest and best use of the Dry Creek site was assessed at 31 December 2012 in the context of its uncertain operating future, and was determined to be as a property redevelopment. Based on an independent external valuation prepared using the existing site approvals, at the half year the Board adopted a carrying value for the Dry Creek site of $33.9 million, a value which was reaffirmed at year end.

An impairment charge of $14.7 million was duly recorded to write down the Dry Creek salt field asset to this value. A provision of $4.5 million was simultaneously raised to cover the anticipated costs for the closure of the site as a salt field and for preparation of the site for redevelopment. During the six months to 30 June 2013, a total of $551,000 of closure costs had been incurred, thereby leaving a residual site closure provision balance of $3,949,000.

(iii) $14.3m - Fixed assets and inventory

The early termination of the salt supply agreement rendered much of the plant and equipment at the Dry Creek site redundant. Throughout the last three months of the financial year, management endeavoured to redeploy surplus assets or realise as much value as possible from sales thereof. A non-cash write off of $3.9 million was effected to write down the plant and equipment assets at 30 June 2013 to their recoverable amount.

After exploring all export sales avenues open to Ridley not otherwise closed under the non-compete clause of the Cheetham Salt divestment agreement, the sale of 180,000 tonnes of salt at Dry Creek to Cheetham Salt was contractually confirmed. The net realisable value of this salt is limited to an estimated $3 per tonne due to high transportation costs and the need to wash the Dry Creek salt prior to sale. Except for this saleable tonnage, the remaining inventory at 30 June 2013 has been written down to zero, thereby generating a non-cash write down of $10.4 million.

(iv) $3.2m - Transaction costs

Aggregate transaction costs of $3.2 million were incurred during the year in the acquisition of the CSF Proteins Melbourne rendering business, including $2.4 million of stamp duty.

Aggregate transaction costs of $9.5 million incurred as part of the divestment of Cheetham Salt have been reported in Note 5(iii) to the accounts and separately reported in the overall result from the Discontinued Operation.

Discontinued Operation

The contribution to the profit and loss arising from the Discontinued Operation comprising the part year ownership and ultimate sale of Cheetham Salt is an after tax loss of $5.1 million (Note 5(iii) to the accounts), and comprises the following three elements:

(i) The sale of the Cheetham Salt business was completed on 28 February 2013, such that the consolidated Ridley result for the year includes eight months of salt business operations. The eight month profit after tax contribution from Cheetham Salt is $7.0 million.

(ii) An accounting loss on the sale of Cheetham Salt of $0.9 million is reported based on gross sale proceeds of $150.0 million and the $150.9 million 28 February 2013 carrying value of the net assets sold. The capital loss on the sale of $7.1 million has not been booked as a tax asset.

(iii) Transaction costs of $9.5 million have been brought to account, and include the internal restructuring of the Ridley consolidated group to retain ownership of the Dry Creek operation and the surplus property assets at Bowen, Lara and Moolap.

(iv) The realisation of reserves has added a further $1.7 million of effective cost to the transaction.

Upon the sale of Cheetham Salt, a $7.5 million contribution to retained profits arose from the realisation of the residual Asset Revaluation Reserve balance not written back in the first half year.

CASH FLOW AND WORKING CAPITAL

The operating cash inflow for the year (after working capital movements and maintenance capital expenditure) was $54.3 million, an increase of $2.4 million from the $51.9 million recorded in the prior year.

Development capital expenditure figure for the year of $10.9 million (FY12: $10.6 million) includes $3.1 million of Cheetham Salt activity prior to its sale and $5.6 million for the completion of the new Pakenham mill. Depreciation and amortisation for FY13 increased to $17.8 million (FY12: $14.4 million), which includes $3.8 million for Cheetham Salt.

The Company has paid $3.6 million in tax instalments during the year and received refunds of prior year tax paid of $3.3 million for a net outlay of $0.3 million.

The total outlay on acquisitions for the period of $80.7 million includes the acquisition of the CSF Proteins Melbourne rendering business for $77.0 million plus working capital adjustments, as well as the acquisition of the Bartlett Grain tuna meal business for a total outlay of $1.4 million.

In addition to the net proceeds of $144.6 million from the sale of Cheetham Salt, the positive reduction in working capital of $26.4 million has been a secondary contributor to an overall $80.8 million reduction in net debt to $17.4 million at balance date.

Table 3

Cash flows for the year in $m	Year ended	
	30 June 2013	**30 June 2012**
EBIT from operations before non-recurring costs and Discontinued Operation	23.9	23.2
Net cash inflow from Discontinued Operation	0.7	12.9
Cash outflow from Non-recurring transaction costs	(3.2)	(0.4)
Depreciation and amortisation	17.8	14.4
EBITDA	**39.2**	**50.1**
Movement in working capital	26.4	14.8
Maintenance capital expenditure	(11.3)	(13.0)
Operating cash flow	**54.3**	**51.9**
Development capital expenditure	(10.9)	(10.6)
Dividends paid	(11.4)	(22.9)
Net proceeds from sale of Cheetham Salt	144.6	7.9
Cash assets divested with Cheetham Salt	(5.1)	-
Net finance cost payments	(8.0)	(8.9)
Net tax payments	(0.3)	(4.9)
Acquisition of CSF Proteins Melbourne rendering business and Bartlett Grain (2012: LNT and Monds & Affleck businesses)	(80.7)	(6.9)
Share-based payments	(2.1)	(1.5)
Movement in other balance sheet items	0.4	(0.2)
Cash flow for the period	**80.8**	**3.9**
Opening net debt balance at 1 July	(98.2)	(102.1)
Closing net debt balance at 30 June	**(17.4)**	**(98.2)**

BALANCE SHEET

Material movements in balances other than through the exclusion of the Cheetham Salt balances comprise a decrease in debt following the application of Cheetham Salt sale proceeds and an increase in goodwill.

The net increase in Intangible assets comprises $40.0 million of goodwill arising on the acquisition of the CSF Proteins Melbourne rendering business offset by the write off of the $5.0 million of Dry Creek acquisition goodwill. The balance of other movements relates to the acquisitions of the Bartlett Grain tuna meal importation business and the animal nutrition business offset by the exclusion of Cheetham Salt software balance.

At 30 June 2013, the Group has retained the classification of the former Dandenong mill as an asset held for sale given that a revised marketing campaign was launched prior to balance date which is expected to achieve a sale within the next twelve months. The Bowen site was withdrawn from sale during the year due to a lack of interest in the site and has consequently been re-classified as an Investment Property.

After excluding the removal of the Cheetham Salt balances, movements in property, plant and equipment primarily comprise the new mill constructed at Pakenham plus the fixed assets of the rendering business acquired on 31 December 2012.

Change in accounting policy

A new accounting policy was adopted on 1 July 2012 and has been applied retrospectively. The new accounting policy is that land and buildings are stated at cost or deemed cost less accumulated depreciation and impairment, whereas the previous accounting policy measured land and buildings at fair value, based on periodic, but at least triennial, independent valuations.

The Group considers that the change in policy will result in the financial report providing more stable, relevant and equally reliable information, leading to asset values which more accurately reflect the underlying reality of the transactions and events surrounding the sites, many of which are the cornerstone of remote rural communities.

The impact of the change in accounting policy is the reversal of the gross land and buildings balance in the Asset Revaluation Reserve of $17.1 million against the carrying value of the asset, with the reversal of the tax effect of $5.0 million applied to reduce the deferred tax liability balance. Other movements in the Asset Revaluation Reserve for the year are reflected in Table 4 following.

The crystallisation of aggregate asset values through the Cheetham Salt divestment transaction also resulted in an after tax reversal of $18.4 million of the salt field Asset Revaluation Reserve balance against the carrying value of the salt fields. The residual salt field balance of the consolidated Asset Revaluation Reserve of $7.5 million at half year was transferred to retained profits upon completion of the Cheetham Salt divestment on 28 February 2013.

Table 4

Asset Revaluation Reserve movements and balances - in $m	**Gross**	**Tax**	**Net**
Opening balance as at 1 July 2012	**54.4**	**(16.3)**	**38.1**
Change in accounting policy for Land and Buildings	(17.1)	5.0	(12.1)
Fair value reduction of Cheetham Salt salt fields inc. Dry Creek	(29.5)	11.1	(18.4)
Closing balance as at 31 December 2012	**7.7**	**(0.2)**	**7.5**
28 February 2013 transfer to retained profits on sale of Cheetham Salt	(7.7)	0.2	(7.5)
Closing balance as at 30 June 2013	**-**	**-**	**-**

ACQUISITIONS

On 31 December 2012, Ridley acquired the rendering business assets of BPL Melbourne Pty Ltd (**CSF Proteins Melbourne**) and the associated Merino Street and Lincoln Street, Laverton properties, for a total purchase consideration of $77.1 million.

The fair values as determined by the Ridley Board of Directors following an independent review of plant and equipment and of land and buildings comprised $37.5 million of property, plant and equipment, inventory of $0.9 million, and tax effected employee benefits of $1.8 million. Goodwill of $40.0 million was consequently recorded after deducting the fair values from the purchase consideration.

In addition to the acquisition of CSF Proteins Melbourne, the Bartlett Grain tuna meal importation business was acquired during the year for a total outlay of $1.7 million, which gave rise to goodwill on acquisition of $0.7 million.

SEGMENTS

Operating segments increased in the year from two to three through the inclusion of an additional segment for Property Realisation, as Ridley continues to pursue value creation strategies for non-operating sites.

The ongoing salt segment is at Dry Creek, which is no longer producing salt following the termination of the Penrice salt supply agreement but has significant existing inventories of harvested salt and magnesium brine which are being progressively sold over the coming years under an arm’s length contractual arrangement with Cheetham Salt. The Dry Creek site is concurrently being prepared for a future redevelopment as a residential community.

The ongoing reportable segments are now synchronised with the business as follows:

AgriProducts	Produces and markets stock and poultry feeds, aqua feeds, animal protein meals, vitamin and mineral supplements.
Salt	Dry Creek site.
Property Realisation	Realisation of opportunities in respect of surplus property assets reflected either as assets held for sale or investment properties.

RISKS

The following is a summary of some of the key operational risks facing the business and the way in which Ridley manages these risks.

- Cyclical fluctuations – by operating in several business sectors within the domestic economy, some of which have a positive or negative correlation with each other, Ridley is not dependent upon a single business sector and spreads the sector risk across a diversified portfolio.

- Influence of domestic harvest - unlike many other operators in Australian agribusiness, subject to the availability of raw material supply to its mills, Ridley is not commercially dependent upon the level of harvest. Through properly managed procurement practices and many of our customers retaining responsibility for the supply of raw materials, the impact of fluctuations in raw material prices associated with domestic and world harvest cycles is mitigated.

- Influence of natural pasture on supplementary feed decision making – whilst Ridley cannot control the availability of natural pasture, it believes there is a compelling commercial justification for supplementary feeding in each of its sectors of operation, whether that be measured in terms of milk yield and herd well-being or feed conversion ratios in poultry and aquafeed.

- Impact on domestic & export markets in the event of disease outbreak - Ridley has a strategy of mill segregation in place to effectively manage its own risk of product contamination across the various species sectors. Ridley also has an extensive footprint of mills dispersed across the eastern states of Australia that provides a geographical segregation of activities. The risk to Ridley is therefore more of a market risk such as what happened in FY13 with an outbreak of Avian Influenza which effectively closed the export markets for poultry meal products.

- Customer concentration & risk of regional consolidation - Ridley endeavours to enter into long term supply contracts with its suppliers to provide the surety of volumes required to plan appropriate shift structures, procurement and supply chain activities, and capital expenditure programs.

EARNINGS PER SHARE

The underlying earnings per share of (7.0) cents per share for continuing and non-continuing operations ((5.4) cents for continuing operations only) reflects the FY13 financial impact of the non-recurring pre-tax write downs, impairments and transaction costs of $37.2 million against a stable equity platform.

	2013	2012
Earnings per share	**Cents**	Cents
Basic earnings per share	**(7.0)**	6.3

GEARING

Movements between the opening and closing levels of gearing reflect the c.$80 million mid-year outlay to acquire the rendering business and subsequent application of Cheetham Salt sale proceeds. The capital return outlay of $23.1 million has been fully provided in the accounts at balance date but is a cash outlay in the 2014 year (**FY14**). Gearing is reported as debt to equity in accordance with the covenants of the Group banking facility.

Gearing	**2013** **$'000**	2012 $'000
Gross debt	**34,771**	105,379
Less: cash	**(16,936)**	(7,228)
Net debt	**17,835**	98,151
Total equity	**207,533**	278,371
Gearing ratio	**8.6%**	35.3%

CAPITAL MOVEMENTS AND RETURN

The capital return of 7.5 cents per share as approved by Ridley shareholders on 24 June 2013 was duly paid to those persons recorded on the Ridley register as at 7.00 p.m. on Tuesday 2 July 2013. The accounting entries associated with the return are to reduce shareholders' equity and increase group borrowings by $23.1 million. Although the payment was effected after year end, with no outstanding conditions attached to the payment, it was accrued for in full as at 30 June 2013.

A tax ruling has been received from the ATO advising that for all shareholders, no part of the proposed capital return will be treated as a dividend for income tax purposes. A copy of the ATO ruling is provided on the Ridley website at www.ridley.com.au

The capital return follows the FY12 final cash dividend payable of 3.75 cents per share, franked to 100% and paid on 30 September 2012. There was no FY13 interim dividend payable.

During FY13, a total of 2,244,183 (FY12: 1,003,418) shares were acquired by the Company on market for $2.1 million (FY12: $1.5 million) to satisfy the issue of 1,403,057 (FY12: 462,560) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan and 841,126 (FY12: 540,858) shares allocated under the Ridley Employee Share Scheme. There were no movements in issued capital during either financial year.

DIVIDEND

In the 2011 and 2012 financial years, Ridley paid an annual dividend of 7.5 cents per share, which was fully franked in 2012 and unfranked in the prior year. Following the business restructure in the 2013 financial year, a capital return to shareholders was made in early July 2013 as noted above. ATO Class Ruling CR2013/57, issued subsequent to balance date, has confirmed the tax treatment of the capital return for Ridley shareholders as outlined in the Notice for the General Meeting of Ridley shareholders held on 24 June 2013 to approve the capital return.

The Board has not declared a final dividend for the 2013 year and Ridley does not have a formal dividend policy. 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.

OUTLOOK

The commissioning of the new Pakenham mill prior to Christmas 2012 marked a milestone for Ridley by being the first new mill constructed by the company since 1997. This mill provides an excellent platform to target new volumes in the Gippsland Dairy heartland and in Tasmania which, when coupled a continuation of the recent uplift in Dairy sector sentiment, are expected to deliver a positive earnings recovery in FY14. We have also learned from the construction process and are confident in our ability to effectively construct new mills in other locations as part of a long term feed mill modernisation program we are planning to embark upon in the coming year.

The additional rendering capacity provided by the newly acquired CSF Proteins Melbourne facility at Laverton, Victoria provides not only a critical mass and flexibility not otherwise available through a single site operation based in Sydney but also our entry to the mammalian meal market not serviced from NSW. A significant capital expenditure program commenced in FY13 and to be concluded in FY14 will improve safety, efficiency and capacity at the Laverton site which delivered a positive contribution despite the closure of many of the poultry meal export markets in the six months from 1 January 2013. The additional six months of earnings associated with a full year of ownership will automatically flow through into the FY14 result.

The FY14 outlook for Ridley AgriProducts in its other operating sectors is for steady improvement and although FY13 earnings clearly did not reach our expectations, a significant amount of effort continues to be expended to provide a more robust business in the future.

It is expected that the higher FY14 costs of advancing the property development approvals may be offset by piecemeal sales of various parcels of land north of the former Dry Creek salt operation, whilst the wind down of the Dry Creek operation will be supported by the $0.5 million of annual revenues receivable from Penrice under the compensation agreement once it has secured formal financier approval.

In addition to organic growth through a program of mill modernisation, Ridley intends to continue to actively pursue acquisition opportunities consistent with its long term strategy to be Australia's leading producer of premium quality, high performance animal nutrition solutions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000 Restated*
Revenue from continuing operations	2	**716,318**	635,792
Cost of sales		**(659,900)**	(580,387)
Gross profit		**56,418**	55,405
Finance income		**74**	202
Other income	2	**309**	1,487
Expenses from continuing operations			
Selling and distribution		**(9,320)**	(9,723)
General and administrative		**(23,309)**	(24,062)
Finance costs	3	**(7,811)**	(9,529)
Business restructuring	3	**(37,254)**	(375)
Share of net profits/(losses) from equity accounted investments	9	**(116)**	67
Profit/(Loss) from continuing operations before income tax expense		**(21,009)**	13,472
Income tax benefit/(expense)		**4,423**	(6,124)
Profit/(Loss) from continuing operations after income tax expense		**(16,586)**	7,348
Profit/(Loss) from discontinued operation (net of tax)		**(5,108)**	11,905
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited		**(21,694)**	19,253
Earnings per share			
Basic earnings per share – continuing*		**(5.4c)**	2.4c
Basic earnings per share		**(7.0c)**	6.3c
Diluted earnings per share – continuing*		**(5.4c)**	2.4c
Diluted earnings per share		**(7.0c)**	6.3c

* *The 2012 consolidated statement of profit or loss has been restated for the effect of Cheetham Salt being classified as discontinued (refer note 5).*

The above consolidated income statement should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000 Restated*
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited	**(21,694)**	19,253
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit superannuation	**372**	(377)
Income tax	**(112)**	113
Revaluation of salt fields	**(29,529)**	-
Income tax	**11,099**	-
Exchange differences on translation of foreign operations	**(352)**	(345)
Other comprehensive income for the year, net of tax	**(18,522)**	(609)
Total comprehensive income for the year	**(40,216)**	18,644
Total comprehensive income for the year is attributable to:		
Ridley Corporation Limited	**(40,216)**	18,644

* *The 2012 consolidated statement of comprehensive income has been restated for the effect of Cheetham Salt being classified as discontinued (refer note 5) and to show the effect of the voluntary change in accounting policy.*

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000 Restated*	2011 $'000 Restated *
Current assets				
Cash and cash equivalents		**16,936**	7,228	13,247
Receivables		**91,852**	84,259	88,969
Inventories		**60,412**	79,723	91,533
Assets held for sale	5	**670**	4,017	-
Tax receivable		**412**	1,588	-
Total current assets		**170,282**	176,815	193,749
Non-current assets				
Investments accounted for using the equity method		**2,194**	52,521	52,486
Investment properties		**38,451**	-	-
Property, plant and equipment		**118,079**	221,879	219,989
Intangible assets		**77,979**	44,771	44,416
Inventories		**360**	3,575	-
Deferred tax asset		**3,281**	-	-
Total non-current assets		**240,344**	322,746	316,891
Total assets		**410,626**	499,561	510,640
Current liabilities				
Payables		**152,574**	95,266	92,695
Borrowings		**-**	40,712	1,932
Tax liabilities		**-**	1,035	1,551
Provisions		**12,702**	10,005	14,267
Retirement benefit obligations		**109**	-	-
Derivative financial instruments		**-**	-	8
Total current liabilities		**165,385**	147,018	110,453
Non-current liabilities				
Borrowings		**34,771**	64,667	113,454
Deferred tax liabilities		**-**	7,493	2,793
Provisions		**2,917**	1,396	1,050
Retirement benefit obligations		**-**	616	272
Total non-current liabilities		**37,688**	74,172	117,569
Total liabilities		**203,073**	221,190	228,022
Net assets		**207,553**	278,371	282,618
Equity				
Share capital		**214,445**	237,531	237,531
Reserves		**1,487**	25,372	25,002
Retained earnings	8	**(8,379)**	15,468	20,085
Total equity		**207,553**	278,371	282,618

* *See note 1 – The comparative statements as at 30 June 2012 and 2011 have been restated to show the effect of the voluntary change in accounting policy.*

The above consolidated balance sheet should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	2013 $'000	2012 $'000
Cash flows from operating activities		
Receipts from customers	**857,904**	839,761
Payments to suppliers and employees	**(805,575)**	(782,549)
Dividends received	**8,287**	6,805
Interest received	**74**	202
Other income received	**321**	741
Interest and other costs of finance paid	**(8,095)**	(9,126)
Income taxes paid	**(333)**	(4,938)
Net cash inflow from operating activities	**52,583**	50,896
Cash flows from investing activities		
Acquisition of business operations	**(80,740)**	(6,871)
Payments for property, plant and equipment	**(22,260)**	(22,422)
Payments for intangibles	**(533)**	(1,144)
Proceeds from disposal of discontinued operations, net of cash disposed	**144,640**	-
Proceeds from sale of non-current assets	**-**	7,876
Net cash inflow/(outflow) from investing activities	**41,107**	(22,561)
Cash flows from financing activities		
Share based payment transactions	**(2,056)**	(1,476)
Repayment of borrowings	**(70,499)**	(10,007)
Dividends paid	**(11,427)**	(22,871)
Net cash (outflow) from financing activities	**(83,982)**	(34,354)
Net increase/(decrease) in cash held	**9,708**	(6,019)
Cash at the beginning of the financial year	**7,228**	13,247
Cash at the end of the financial year	**16,936**	7,228

The above consolidated statement of cash flows should be read in conjunction with accompanying notes.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 1 – Basis of preparation of preliminary financial report

This report has been prepared in accordance with Australian Accounting Standards relevant to the preparation of the Appendix 4E and other mandatory professional reporting requirements for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) listing rules. The report is presented in Australian dollars.

These policies have been consistently applied to all the years presented, except for the change in accounting policy outlined below.

Change in accounting policy

The following change in accounting policy has been made in the financial year.

Land and buildings valuation
A new accounting policy was adopted on 1 July 2012 and has been applied retrospectively. The new accounting policy is that land and buildings are stated at cost or deemed cost less accumulated depreciation and impairment. The previous accounting policy was that land and buildings are measured at fair value, based on periodic, but at least triennial, valuations by external independent valuers. Certain comparative amounts have been reclassified to conform with the current year's presentation.

The financial report has been prepared on the basis of historical cost, except for derivative financial instruments, cash settled share based payment arrangements and salt fields, which have been measured at fair value. A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

	2013 $'000	2012 $'000
Note 2 – Revenue and Other income		
Revenue from continuing operations		
Sale of goods	**716,318**	635,792
Other income from continuing operations		
Profit on sale of property, plant and equipment	**-**	625
Profit on sale of businesses and joint venture operation	**-**	308
Foreign exchange gains – net	**12**	-
Rent received	**17**	28
Other	**280**	526
	309	1,487

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 3 – Expenses
Profit from continuing operations before income tax is arrived at after charging the following items:

Depreciation and amortisation*			
Buildings		**885**	741
Plant and equipment		**11,712**	7,383
Software		**1,757**	1,940
Other Intangible		**170**	99
		14,524	10,163

* The current year depreciation expense includes an additional $2,576,000 as a result of the annual review of the useful life of plant and equipment.

Finance costs			
Interest expense		**7,349**	9,476
Amortisation of borrowing costs		**462**	216
Capitalisation of borrowing costs		**-**	(163)
		7,811	9,529
Bad and doubtful debt expense – net		**330**	372
Employee benefits expense		**61,136**	54,977
Operating lease expense		**2,799**	2,688
Business restructuring			
Acquisition related costs	(a)	**3,234**	375
Impairment loss on Dry Creek goodwill	(b)	**5,017**	-
Impairment loss on Dry Creek salt field	(c)	**14,741**	-
Write down of Dry Creek salt inventory	(d)	**10,393**	-
Write down of Dry Creek property, plant and equipment	(d)	**3,869**	-
		37,254	375

(a) Acquisition related costs OF $3,234,000 include $2,400,000 of stamp duty on the acquisition of the CSF Proteins Melbourne rendering business.

(b) An impairment loss of $5,017,000 in respect of the goodwill that arose from the 2005 acquisition of Dry Creek.

(c) Dry Creek was retained by Ridley after completion of the Cheetham Salt sale on 28 February 2013 and Ridley continued to service the Penrice Supply Agreement until the termination of the supply agreement by Penrice on 1 July 2013. Ridley will actively continue to prepare for the redevelopment of the Dry Creek site.

Following the announcement of the sale of the Cheetham Salt business, an assessment of the carrying value of the Dry Creek salt field was required to be undertaken, based on its estimated fair value as assessed by external independent valuers. For the purposes of impairment testing, the salt field's carrying value has previously included an earnings attribution from a portfolio of customer contracts included in the 2005 Dry Creek acquisition. These contracts were serviced from Cheetham Salt sites other than Dry Creek and such contracts were included in the Cheetham Salt sale transaction. An impairment of the Dry Creek Salt Fields, reflecting the loss to Ridley of the value pertaining to these contracts, of $15,728,000 was recognised, of which $987,000 represents a reversal of an amount against the Group Asset Revaluation Reserve, with the balance resulting in an impairment loss of $14,741,000, which has been recognised within Other costs in the profit and loss.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 3 – Expenses (continued)

Business restructuring (continued)

(d) The early termination of the Penrice salt supply agreement rendered most of the plant and equipment at the Dry Creek site redundant. Management endeavoured to redeploy surplus assets or realise as much value as possible from sales thereof, however $3,869,000 has been recognised to write down the plant and equipment assets to their recoverable amount.

After exploring all salt export sales avenues open to Ridley not otherwise closed under the Cheetham Salt divestment agreement, the sale of 180,000 tonnes of salt at Dry Creek to Cheetham Salt has been contractually confirmed from 1 July 2013 until 30 June 2017. Except for this saleable tonnage, the remaining inventory at 30 June 2013 has been written down to nil, thereby generating a non-cash write down of $10,393,000.

Note 4 –Revaluations

The following revaluations were made in the year recognised in the following accounts:

Reversal of Asset Revaluation Reserve (a)	**2013 $'000**	2012 $'000
Salt Fields	**29,529**	-
Deferred Tax	**(11,099)**	-
Asset Revaluation Reserve	**18,430**	-

(a) Due to the sale of Cheetham Salt Limited, the Asset Revaluation Reserve attributable to salt fields was reversed in order to reflect the fair value attributable to the salt fields, with the tax relating to the salt fields within the Asset Revaluation Reserve recorded as a reduction in the balance of the deferred tax liability.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 5 – Discontinued Operations and Assets and Liabilities held for Sale

(i) Non-current assets held for sale

At 30 June 2012, the Group had classified $4,017,000 of assets as held for sale relating to the proposed sale of the Ridley AgriProducts site at Dandenong and the property realisation site at Bowen. This is following management's commitment to sell these sites.

At 30 June 2013, the Group has retained the Dandenong site as an asset held for sale. The sale process for this site commenced in the prior financial year but a sale has not yet been achieved. In the current financial year, the site has ceased all manufacturing operations and has been de-commissioned in order to achieve a sale. A revised marketing campaign is expected to achieve a sale within the next twelve months. The Bowen site was withdrawn from sale due to a lack of interest in the site with a view to launching a new sale plan in the future. The Bowen site has been re-classified to Investment Properties, and there is no impact on the result for the current or prior period as a result of this re-classification.

	2013 $'000	2012 $'000
Land and buildings	**670**	4,017

(ii) Disposal group held for sale

On 29 November 2012, Ridley announced the signing of agreements for the sale of Cheetham Salt Limited (**Cheetham**) for $150 million payable fully in cash on completion. The sale was completed on 28 February 2013 and is disclosed in this financial report as a discontinued operation.

(a) Statement of profit or loss for discontinued operation

The financial performance and cash flow information presented for Cheetham Salt are for the period 1 July 2012 to 28 February 2013 (2013 column) and the year ended 30 June 2012.

	2013 $'000	2012 $'000
Results of discontinued operation		
Sales revenue	**66,908**	98,903
Cost of sales	**(55,534)**	(79,805)
Gross Profit	**11,374**	19,098
Other income	**12**	187
Expenses		
Selling and distribution	**(2,218)**	(3,274)
General and administrative	**(5,275)**	(8,374)
Share of net profits of equity accounted investments	**4,562**	6,773
Profit before income tax expense	**8,455**	14,410
Income tax expense	**(1,459)**	(978)
Profit after income tax expense	**6,996**	13,432

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 5 – Discontinued Operations and Assets and Liabilities held for Sale (continued)

(iii) Discontinued operation

	2013 $'000	2012 $'000
Loss on sale before income tax, transaction costs and transfers of reserves (refer (c))	**(952)**	-
Transaction related expenses	**(9,530)**	(1,527)
Transfer of foreign currency reserve	**(1,622)**	-
Income tax expense	**-**	-
Profit/(loss) from sale of discontinued operation after income tax	**(12,104)**	(1,527)
Profit/(loss) from discontinued operation after tax	**(5,108)**	11,905

(b) Effect of disposal on the financial position of the Group

The carrying amounts of assets and liabilities as at the 28 February 2013 date of sale were as shown below.

Assets	**28 February 2013 $'000**
Cash	**5,121**
Receivables	**15,486**
Inventories	**20,012**
Property, plant and equipment	**64,678**
Investment in equity accounted associates	**46,486**
Deferred tax asset	**9,300**
Intangible assets	**1,294**
Total Assets	**162,377**
Liabilities	
Payables	**8,867**
Tax liabilities	**193**
Provisions	**2,365**
Total Liabilities	**11,425**
Carrying amount of net assets sold	**150,952**

(c) Loss on sale

Cash consideration received	**150,000**
Carrying amount of net assets sold	**(150,952)**
Loss on carrying amount of net assets sold before transaction costs and transfers of reserves	**(952)**

(d) Cash flows from discontinued operation

Net cash inflow from ordinary activities	**14,209**	21,851
Net cash inflow/(outflow) from investing activities*	**144,053**	(6,299)
Net cash (outflow) from financing activities	**(1,207)**	(723)
Net cash inflow	**157,055**	14,829

*includes cash consideration received of $150 million.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 6 – Dividends

Dividends paid during the year				**2013 $'000**
Year ended 30 June 2013		**Dividend paid**	**Per share**	
Final dividend in respect of the prior financial year	Fully Franked	30 September 2012	3.75 cents	**11,543**

				2012 $'000
Year ended 30 June 2012				
Final dividend in respect of the prior financial year	Unfranked	30 September 2011	3.75 cents	11,543
Interim dividend in respect of current financial year	Fully Franked	31 March 2012	3.75 cents	11,543
				23,086

Dividends not recognised at year end

	2013 $'000	2012 $'000
There were no dividends declared in the current financial year.		
In the prior financial year, in addition to the above dividends, since year end the directors had approved payment of a final dividend of 3.75 cents, fully franked per fully paid share payable on 30 September 2012. The aggregate amount of the proposed dividend expected to be paid but not recognised as a liability at year end	**-**	11,543
Dividend franking account		
Amount of franking credits available to shareholders of Ridley Corporation Limited for subsequent financial years	**2,751**	6,956

No foreign conduit income is attributed to the dividend.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 7 – Segment reporting

2013	**AgriProducts**	**Property Realisation**	**Salt**	**Unallocated**	**Total**	**Salt (Discontinued operations)**	**Eliminations**	**Consolidated Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Sales – external	706,330	-	9,988	-	**716,318**	66,908	-	783,226
Sales – internal	-	-	-	-	**-**	1,585	(1,585)	-
Total sales revenue	**706,330**	**-**	**9,988**	**-**	**716,318**	**69,493**	**(1,585)**	**784,226**
Other revenue	309	-	-	-	**309**	12	-	321
Total revenue	**706,639**	**-**	**9,988**	**-**	**716,627**	**69,505**	**(1,585)**	**784,547**
Share of profits of equity accounted investments	(116)	-	-	-	**(116)**	4,562	-	4,446
Depreciation and amortisation expense	(12,936)	-	(1,076)	(512)	**(14,524)**	(3,248)	-	(17,772)
Interest income	-	-	-	74	**74**	-	-	74
Interest expense	-	-	-	(7,811)	**(7,811)**	-	-	(7,811)
Reportable segment profit before income tax	**28,075**	**(1,943)**	**(30,588)**	**(16,553)**	**(21,009)**	**(3,649)**	**-**	**(24,658)**
Segment assets	337,161	5,104	36,797	29,368	**408,430**	-	-	408,430
Investments accounted for using the equity method	2,194	-	-	-	**2,194**	-	-	2,194
Total segment assets	339,355	5,104	36,797	29,370	**410,626**	-	-	410,626
Segment liabilities	127,546	-	6,303	69,224	**203,073**	-	-	203,073
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	15,984	-	-	862	**16,846**	5,947	-	22,793

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 7 – Segment reporting (continued)

2012 Restated*	AgriProducts	Property Realisation	Salt	Unallocated	Total	Salt (Discontinued operations)	Eliminations	Consolidated Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales – external	626,018	-	9,774	-	**635,792**	98,903	-	734,695
Sales – internal	-	-	-	-	**-**	3,104	(3,104)	-
Total sales revenue	**626,018**	**-**	**9,774**	**-**	**635,792**	**102,007**	**(3,104)**	**734,695**
Other revenue	1,487	-	-	-	**1,487**	187	-	1,674
Total revenue	**627,505**	**-**	**9,774**	**-**	**637,279**	**102,194**	**(3,104)**	**736,369**
Share of profits of equity accounted investments	67	-	-	-	**67**	6,773	-	6,840
Depreciation and amortisation expense	(8,485)	-	(882)	(796)	**(10,163)**	(4,241)	-	(14,404)
Interest income	-	-	-	202	**202**	-	-	202
Interest expense	-	-	-	(9,529)	**(9,529)**	-	-	(9,529)
Reportable segment profit before income tax	**27,161**	**(701)**	**3,424**	**(16,412)**	**13,472**	**12,883**	-	**26,355**
Segment assets	236,777	7,060	56,675	8,760	**309,272**	137,768	-	447,040
Investments accounted for using the equity method	2,310	-	-	-	**2,310**	50,211	-	52,521
Total segment assets	239,087	7,060	56,675	8,760	**311,582**	187,979	-	499,561
Segment liabilities	93,195	-	364	115,749	**209,308**	11,882	-	221,190
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	16,389	-	224	702	**17,315**	6,251	-	23,566

* *This segment note has been restated for the change from two to three reporting segments as well as for the voluntary change in accounting policy for the valuation of land and buildings.*

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 8 – Retained earnings

	2013 $'000	2012 $'000
(a) Retained earnings		
Balance at 1 July	**15,468**	20,085
Actuarial profits/ (losses) on defined benefit superannuation – net of tax	**260**	(264)
Net profit for the year	**(21,694)**	19,253
Dividends paid	**(11,543)**	(23,086)
Share based payments reserve transfer	**(190)**	(520)
Disposal of subsidiary	**9,320**	-
Balance at 30 June	**(8,379)**	15,468

Note 9 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Profit	
			2013	2012	**2013**	2012
Discontinued Operation			**%**	%	**$'000**	$'000
Salpak Pty Ltd	Salt Marketing	Australia	-	56%	1,745	2,409
Western Salt Refinery Pty Ltd	Salt Production and Distribution	Australia	-	50%	193	97
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production and Distribution	New Zealand	-	50%	2,440	3,957
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	-	49%	184	310
Share of net profits from equity accounted investments included in profit/(loss) from Discontinued Operation					**4,562**	**6,773**
Continuing Operations						
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed Production	Australia	25%	25%	(116)	67
Share of net profits/(losses) from equity accounted investments					**(116)**	**67**

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 10 – Acquisitions during the period

Acquisitions for the year ended 30 June 2013

On 31 December 2012, Ridley acquired the rendering business assets of BPL Melbourne Pty Ltd (**CSF Proteins Melbourne**) and the associated Merino Street and Lincoln Street, Laverton properties of BPL Nominees Pty Ltd, for a total purchase consideration of $77,078,000.

CSF Proteins Melbourne is Victoria's leading renderer of poultry and mammalian waste products. Following the March 2011 acquisition of New South Wales located Camilleri Stockfeeds Pty Ltd (now CSF Proteins Pty Ltd), this transaction marked Ridley's entry into the Victorian animal meals sector and is consistent with Ridley's strategy to secure the supply chain for strategic feed ingredients.

In the six months to 30 June 2013, CSF Proteins Melbourne contributed $38,981,000 of revenue and profit of $1,733,000 to the consolidated results after allocation of overheads, interest and integration costs. If the acquisition had occurred on 1 July 2012, management estimated that consolidated revenue would have been $77,962,000 and consolidated profit from the period would have been $3,912,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.

Identifiable assets acquired and liabilities assumed and attributable goodwill

The following fair values have been determined by the Ridley Board of Directors following an independent review of plant and equipment undertaken by Steers Pty Ltd and of land and buildings by m3 Property Pty Ltd.

Inventory of finished goods has been fair valued at selling prices less the costs of disposal and an estimate of the reasonable profit margin for the selling effort of the acquirer. Leave benefit entitlements for all transferring employees have been assumed by the Group and appropriate adjustment made to accommodate this and the fair value of inventory.

The goodwill is attributable mainly to the rendering and blending skills of the CSF Proteins Melbourne management and workforce together with the synergies expected to be achieved from integrating the business with both the existing CSF Proteins Pty Ltd rendering business in NSW and the Ridley AgriProducts stockfeed business.

The following summarises the consideration transferred and the recognised amount of assets and liabilities assumed at the acquisition date:

	$'000
Total Consideration paid in cash	**77,078**
Fair value of net assets of businesses acquired:	
Property, plant and equipment	37,456
Inventories	939
Prepayments	58
Employee entitlement provisions (tax effected) *	(1,354)
Total net identifiable assets	**37,099**
Goodwill	**39,979**

* The employee entitlement provisions have been adjusted since the interim financial report at 31 December 2012 due to the finalisation of employee provisions post acquisition, and this has resulted in goodwill increasing by $481,000.

Acquisition transaction costs of $3,234,000 have been expensed in the period, which includes stamp duty costs of $2,400,000.

Extract of notes to the financial statements
For the year ended 30 June 2013

Note 10 – Acquisitions during the period (continued)

Current year acquisition of business assets and liabilities

On 15 August 2012, CSF Proteins Pty Ltd (formerly Camilleri Stockfeeds Pty Ltd) acquired the assets of Bartlett Grain Pty Ltd for $1,700,000, and this resulted in goodwill of $750,000. Bartlett Grain is an agricultural commodity trading business specialising in stock feed ingredients. This business provides synergies with CSF Proteins Pty Ltd and Ridley Aqua-Feeds for the procurement of raw materials. The Company agreed to pay the selling shareholders up to $350,000 of contingent consideration during the year ending 30 June 2014 subject to the acquiree reaching earnings performance targets for the first twelve months. An amount of $350,000 was provided for as contingent consideration at balance date, which represents its fair value at acquisition date.

On 10 May 2013, Ridley AgriProducts Pty Ltd acquired the animal nutrition business of Probiotec Limited for $1,600,000, and this resulted in goodwill of $1,046,000. The animal nutrition business consists primarily of a range of powdered milk replacer products which are fed to infant calves and other infant animals such as lambs, kids, foals and piglets. The Company agreed to pay the selling shareholders up to $250,000 of contingent consideration during the year ending 30 June 2014 subject to the acquiree reaching earnings performance targets for the first twelve months. An amount of $250,000 was provided for as contingent consideration at balance date, which represents its fair value at acquisition date.

Note 11 – Earnings per share

	2013		2012	
	Basic $'000	**Diluted $'000**	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share:				
Profit/(loss) after income tax – continuing operations	**(16,586)**	**(16,586)**	7,348	7,348
Profit/(loss) after income tax – discontinued operation	**(5,108)**	**(5,108)**	11,905	11,905
Total	**(21,694)**	**(21,694)**	19,253	19,253
Weighted average number of shares	**Basic**	**Diluted**	Basic	Diluted
Weighted average number of shares used in calculating basic and diluted earnings per share	**307,817,071**	**307,817,071**	307,817,071	307,817,071

Note 12 – Events occurring after the balance sheet date

Subject to receipt of approval from the financiers of Penrice, effective from 1 July 2013, Ridley has a formal Deed of Termination and release (**Agreement**) with Penrice Soda Holdings Limited (**Penrice**) with regard to compensation payable to Ridley by Penrice in consideration for the early termination by Penrice of the long term take or pay contract to supply brine from the Ridley salt field at Dry Creek, South Australia to Penrice's soda ash plant at Osborne, South Australia. This follows Penrice's announcement in March 2013 that it will cease production of soda ash at that plant, and as such no longer requires brine from Ridley from 1 July 2013.

Under the terms of the Agreement, for a period of ten years, Ridley is expected to receive an annual benefit of at least $500,000 through a combination of commercial arrangements, plus the option to procure up to 4.5 million tonnes of zero cost landfill product from the Penrice Angaston mine in South Australia which can be used by Ridley in the redevelopment of its Dry Creek site. In addition, in order for Ridley shareholders to participate in any value upside following Penrice’s business reconstruction, Penrice has issued Ridley an option, exercisable at 7 cents per share at any time over a five year period, for Ridley to be issued 16,122,621 ordinary shares in Penrice, representing 15% of the 30 June 2013 issued capital in Penrice.

No other matters or circumstances have arisen since 30 June 2013 that have significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Group's state of affairs in future financial years.