Ridley Corporation Limited

Appendix 4D Half year report

ABN 33 006 708 765

Results for announcement to the market

Reporting period:	Half year ended 31 December 2013
Previous corresponding period:	Half year ended 31 December 2012
Release date:	19 February 2014

				$A'000
Revenue from continuing operations	up	28%	to	442,567
Profit from continuing operations after tax attributable to members	up	158%	to	9,893
Net profit for the period attributable to members	up	178%	to	9,893

Dividends	Amount per security		Franked amount per security	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Interim dividend	#	Nil	#	Nil

The Ridley Board proposes to pay a partially franked interim dividend of 1.5 cents per share on 30 April 2014 from retained profits as at 31 March 2014.

Record date for determining entitlements to the interim dividend	TBA

	31 December 2013	31 December 2012
Net tangible asset backing per ordinary share	0.44	0.51

Brief Explanation

See pages 2 to 7.

19 February 2014

RIDLEY REPORTS $9.9 MILLION HALF YEAR RESULT

Ridley today announced a consolidated after tax profit for the half year to 31 December 2013 of $9.9 million (2012: Loss of $12.7 million which included the results of Cheetham Salt discontinued operation and non-recurring write downs, impairments and transaction costs of $24.9 million). There were no material non-recurring items in the half year.

EBIT from the Ridley AgriProducts operations of $20.7 million is $5.2 million ahead of last year's equivalent result. The operating result reflects a positive contribution from the Laverton rendering business and increased confidence and performance in the Dairy sector, boosted by operational efficiencies attributable to the new mill at Pakenham. The increase in Poultry volumes for the period has offset the comparator period margin improvements associated with long positions in sharply rising raw material prices, and provides a strong platform for the second half year.

Control has been maintained in the period over Corporate and Property Realisation costs, which remain at similar levels to the prior period. Delays in the closure of the Dry Creek operation following the termination by Penrice of the salt supply agreement on 1 July 2013 have incurred additional site management and closure costs in the period.

Revenues and cash flows payable to Ridley under the Penrice compensation agreement have not been received in the six months and further negotiations are currently being held with regard to establishing a definitive date for commencement of the agreed compensation.

During the half year, most of the achievements were internally focussed and included Ridley successfully integrating its milk replacer business operating out of Nowra, New South Wales, which was acquired in the fourth quarter of the prior year.

Additional poultry volume in Victoria was secured in the half year through the execution of a long term take or pay supply contract, with associated costs being amortised over the six year initial contractual term.

Increased Dairy volumes processed through the Pakenham mill reflect the beginnings of the turnaround of farmer confidence from the cyclical lows of the prior year and the operational benefits from the prior year investment to modernise the production facilities servicing the Gippsland Dairy heartland.

The integration of the Laverton rendering business acquired at the start of the calendar year was concluded in November 2013 with the migration of this business to the Ridley ERP solution.

The CEO transition was completed at the start of the six months and the management structure redefined, with the final senior management appointment made just prior to balance date.

Many of Ridley's major customers have recently participated in a customer feedback survey and provided valuable feedback on Ridley performance which will be utilised to develop personalised customer value propositions within each Ridley business sector.

The underlying determinants of the operating result and the financial impacts of the non-operational adjustments are explained within the following summary.

PROFIT AND LOSS SUMMARY

	Dec 2013 in $m	**Dec 2012 in $m**	**Movement in $m**
Earnings from operations before finance income and expense and tax expense (**EBIT**):			
Ridley AgriProducts	20.7	15.5	5.2
Corporate	(4.3)	(4.3)	-
Property realisation - Dry Creek	(1.8)	1.9	(3.7)
- Other	(0.6)	(0.6)	-
EBIT from operations	**14.0**	**12.5**	**1.5**
Net Finance costs	(2.8)	(4.0)	1.2
Income tax expense (excluding non-recurring transactions)	(1.3)	(4.2)	2.9
Net profit / (loss) from operations after tax	**9.9**	**4.3**	**5.6**
Non-recurring write downs, impairments and transaction costs	-	(24.9)	24.9
Reported net (loss) / profit for period from continuing operations	**9.9**	**(20.6)**	**(30.5)**
Discontinued operation	**-**	**7.9**	**(7.9)**
Reported net (loss) / profit for period	**9.9**	**(12.7)**	**22.6**
Earnings per share (cents):			
(i) from operations	3.2	4.0	(0.8)
(ii) reported	3.2	(4.1)	7.3

The Directors believe that the presentation of the unaudited non-IFRS profit and loss summary above and financial cash flow on page 6 is useful for users as it reflects the underlying profits and significant cash flows of the business.

Ridley AgriProducts

The Ridley AgriProducts business generated EBIT of $20.7 million (2012: $15.5 million).

The Dairy sector started the year at a low point in an economic cycle which is likely to take up to three years of favourable conditions to return to the supplementary feeding levels enjoyed at the start of the decade. A number of positive signals were received in the period which point to the anticipated positive recovery in the Dairy sector, with dairy farmers benefiting from successive rises in milk price and the retreat of the Australian dollar from the highs of recent years. These factors have significantly improved the milk price:feed cost ratio which has a strong influence on the disposition of farmers with regard to supplementary feeding.

The new Dairy mill at Pakenham continues to operate efficiently and provide a competitive service offering to facilitate expansion of the customer base throughout the Gippsland dairy region. Whilst the old mill at Dandenong was closed last year in preparation for the sale of the site and its volume transferred to Pakenham, throughout the six month period to 31 December 2013 the Maffra mill in East Gippsland continued to provide a valuable service for the region operating in tandem with the Pakenham mill.

Overall sales volumes in the Pig and Poultry sectors are 77kt ahead of last year, with margins consistent with the second half of the prior year but lower than the comparator period, when earnings were positively impacted from Ridley taking pricing risk on long raw material positions in sharply rising raw material markets. During the last six months, additional long term poultry volumes were boosted through the signing of a long term take or pay supply contract with an existing customer which transferred volume to Ridley mills and facilitated the closure of the customer's feedmill. Payment for the contract has been treated as an intangible in the balance sheet which is being fully amortised over the six year life of the contract.

In a highly competitive market sector, Packaged Products volumes have been maintained although margins have weakened against the comparator period due to the higher raw material prices and as competitors have fought aggressively to maintain market share. Recent price increases across the product range have started to improve second half year margins.

The year to date Aqua-Feed performance has been encouraging. Modest improvements in volume and margin have been recorded in the year to date despite higher manufacturing costs associated with shorter runs and a higher variety of products. Prior year period Tassal salmon volumes have been largely replaced by increased domestic patronage and new salmon customers secured in New Zealand, whilst sales in the prawn, barramundi and kingfish sectors have all risen from last year.

The performance of the restructured Supplements business was hampered by insufficient inventory relative to demand during the peak season. Nevertheless, for the second successive year, Supplements is expected to generate positive earnings. Management is now working to ensure infrastructure at the Townsville plant in Northern Queensland is adequate to meet peak demands and provide sustainable improvements in returns from these assets.

The contribution from both Rendering operations continues to be reliable, with improved intake levels at both plants all but offsetting weaker selling prices driven by the Avian Influenza overseas market restrictions. Laverton recorded an increased six month maintenances spend, with the installation of a new drier and gearboxes. This is expected to improve Laverton plant reliability in the second half year. With the acquisition of the Victorian rendering business occurring a year ago on 31 December 2012, the earnings impact from the Laverton facility for the half year is wholly incremental.

Corporate costs and Property Realisation

Corporate costs of $4.3 million are consistent with the prior year comparative and include $0.2 million of transaction costs associated with the minor acquisitions of the period.

Property realisation costs of $0.6 million are consistent with the prior period and include the costs of maintaining the non-operational sites at Lara, Moolap, Bowen and Dandenong in a safe and environmentally compliant condition.

A half year loss of $1.8 million has been recorded in respect of the wind up of the Dry Creek operation compared to prior period earnings of $1.9 million when the site was still servicing the former Penrice salt supply contract. It is anticipated that agreement can be reached in the near future with the SA authorities on the closure plan for the former salt field, the implementation of which will facilitate the cessation of certain maintenance activities which have incurred significant costs in the period.

Finance costs

Consolidated net interest and financing costs for the period were $2.9 million, down $1.1 million on the prior period based on a combination of lower debt levels and interest rates.

Tax expense

The current period tax expense of $1.2 million incorporates a positive $1.9m offset from an over provision in the prior year relating to the finalisation of the tax implications associated with the Cheetham Salt divestment which was completed on 28 February 2013. The underlying effective tax rate of 28.4% is indicative of the future anticipated effective tax rate for Ridley absent any material transactions or impairments of a tax sensitive nature.

BALANCE SHEET

The increase in Borrowings and reduction in Payables from 30 June 2013 largely reflects the $23.1 million outlay for the return of capital, which, having been approved by shareholders in June 2013, was fully accrued within Payables at 30 June 2013 and settled in the first week of July 2013.

The balance of Receivables has increased $17.8 million which reflects both an increase in quarterly sales volume and the usual half year increase associated with payments over the Christmas period. Days sales outstanding for trade debtors has been maintained below 36 days.

Other movements for the six months include the termination and settlement of the Defined Benefit superannuation scheme and associated liability and a net $3.5 million increase in Intangible assets comprising the purchased incremental poultry volumes, goodwill arising on the performance payment made in respect of the prior period acquisition of the Bartlett grain business, and software additions ($5.2m), offset by the period charge for amortisation.

CASH FLOWS

Operating cash flow for the period has been affected by the increase in working capital of $19.5 million. Inventory values have been maintained and payables remain within trading terms such that the increase in working capital is attributable to Receivables. The increase in Receivables balance reflects a $15 million increase in sales for the last two months of the current reporting period compared to the months of May and June 2013.

Maintenance capital expenditure is consistent with prior periods and contained within the $6.8 million of aggregate depreciation and amortisation. Net tax payments made in the half year of $0.6 million reflect the final 2013 tax instalment payments which were refunded after balance date as part of a tax refund of $2.8 million received in January 2014.

The following cash flow summary with a prior period comparison has not been subject to review or audit. The Directors believe that the presentation of this non-IFRS financial cash flow is useful for the shareholders as it reflects the significant cash flows of the business.

Cash flows for the six months in $m	**Half year ended**	
(Group including discontinued operations)	**31 Dec 2013**	**31 Dec 2012 #**
EBIT from operations	14.2	20.4
Depreciation and amortisation	6.8	7.7
EBITDA from operations	**21.0**	**28.1**
Movement in working capital	(19.5)	(2.0)
Maintenance capital expenditure	(5.3)	(5.8)
Operating cash flow	**(3.8)**	**20.3**
Development capital expenditure	(0.4)	(8.4)
Capital return	(23.1)	-
Dividends paid	-	(11.4)
Net finance expense	(2.7)	(4.1)
Net tax payments	(0.6)	(1.9)
Acquisition of intangible & Bartlett contingent consideration (2012: BPL Melbourne & Bartlett Grain)	(5.2)	(79.4)
Transaction costs	(0.2)	(3.2)
Share-based payments	(1.1)	(0.4)
Movement in other balance sheet items	2.1	2.9
Cash flow for the period	**(35.0)**	**(85.6)**
Opening net debt balance at 1 July	(17.9)	(98.2)
Closing net debt balance at 31 December	**(52.9)**	**(183.8)**

 # Comparative period cash flows include Cheetham Salt

DIVIDEND AND CAPITAL MANAGEMENT

A capital return of 7.5 cents per share was paid on 5 July 2013.

The current intention of the Ridley Board is to only pay dividends from retained profits. Dividend prospects will be determined by the forecast earnings and cash flow conversion of the business, plus the capital growth opportunities prevalent and foreseeable at the time of dividend contemplation.

The Ridley Board proposes to pay a partially franked interim dividend of 1.5 cents per share on 30 April 2014 from retained profits as at 31 March 2014. The Ridley Board has resolved to permanently move the annual dividend cycle to the end of April and October.

MANAGING DIRECTOR REVIEW

Managing Director, Mr Tim Hart, commented "The improvement in the core business result compared to last year is pleasing, and we are endeavouring to maintain this result in the second half year, acknowledging that the second half year is traditionally slightly weaker than the first due to the impact of the drying off of dairy herds as part of their lactation cycle."

"From an external perspective, we have secured additional poultry volume through the contractual arrangements concluded in the period. Internally, we have been working hard behind the scenes to restructure and reposition the business for the future. We have sought extensive feedback on what is important to our customers and stakeholders, and on our performance against their key performance measures and expectations. We are using this information to develop a compelling customer value proposition to improve our service delivery to existing customers and to target and convert new customers."

"We have identified gaps in the internal skill sets required to grow the business throughout the next decade and beyond, and have recruited to give us a presence in areas where before we may have been lacking."

"In order to remain a critical provider in the production of livestock, we need to fully understand and communicate our role in the long term and sustainable provision of protein to a growing world population. We are looking to consolidate our position domestically and pursue appropriate opportunities where we can add value, and the Board has recently endorsed a long term strategic plan to substantially grow the business."

OUTLOOK

Commenting on the outlook, Mr Hart said: "We are making inroads into the realisation of value from our surplus property holdings, and are working diligently to secure the rezoning and other approvals necessary to facilitate the development of the Moolap site near Geelong in Victoria into a master planned community. Progress with regard to the closure of the Dry Creek site has been disappointingly slower than anticipated, however we are continuing to work with the South Australian Government bodies to achieve a responsible and environmentally secure outcome for the Dry Creek site which will provide the platform for its redevelopment."

Mr Hart concluded "Our desire is to be internationally recognised as being Australia's leading producer of premium quality, high performance animal nutrition solutions, and we are well advanced with our plans to modernise and consolidate our activities for future growth, as evidenced with the announcement in the half year to close the Dalby mill and transfer the volumes to the Toowoomba site. In addition to organic growth, we will continue to explore acquisition opportunities in the right space and at the right price to deliver long term value for Ridley shareholders."

For further information please contact:

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Ridley Corporation Limited

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RIDLEY CORPORATION LIMITED

Directors' Report for the half year ended 31 December 2013

The Directors present their report on the consolidated entity consisting of Ridley Corporation Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

Directors

The Directors of Ridley Corporation Limited at any time during or since the end of the half year and up to the date of this report are as follows:

J M Spark
T J Hart
A L Vizard
P M Mann
R J van Barneveld
G H Weiss
E Knudsen

Review of Operations

The review of operations is set out on pages 2 to 7.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on page 9.

Signed at Melbourne on 19 February 2014 in accordance with a resolution of the Directors.

J M Spark
CHAIRMAN

T J Hart
MANAGING DIRECTOR

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

19 February 2014

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 $'000	December 2012 $'000
Revenue from continuing operations		442,567	345,952
Cost of sales		(410,722)	(316,243)
Gross profit		31,845	29,709
Finance income		44	-
Other income	2	1,681	170
Expenses from continuing operations:			
Selling and distribution		(4,878)	(5,112)
General and administrative		(14,512)	(12,244)
Finance costs	3	(2,883)	(4,006)
Business restructuring	3	(174)	(22,904)
Share of net profits of equity accounted investments	8	15	-
Profit/(Loss) from continuing operations before income tax		11,138	(14,387)
Income tax expense		(1,245)	(2,545)
Profit/(Loss) from continuing operations after income tax		9,893	(16,932)
Profit from discontinued operation (net of tax)	7	-	4,246
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited		9,893	(12,686)

Earnings per share

	Cents	Cents
Basic earnings per share – continuing operations	3.2	(5.5)
Basic earnings per share	3.2	(4.1)
Diluted earnings per share – continuing operations	3.2	(5.5)
Diluted earnings per share	3.2	(4.1)

The above consolidated condensed statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	December 2013 $'000	December 2012 $'000
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited	9,893	(12,686)
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss:		
Revaluation of Salt Fields, net of tax	-	(18,430)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	(499)
Other comprehensive income/(loss) for the period, net of tax	-	(18,929)
Total comprehensive income/(loss) for the period	9,893	(31,615)
Total comprehensive income/(loss) for the period is attributable to:		
Ridley Corporation Limited	9,893	(31,615)

The above consolidated condensed statement of comprehensive income/(loss) should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	December 2013 $'000	June 2013 $'000
Current assets			
Cash and cash equivalents		16,645	16,936
Receivables		109,569	91,852
Inventories		59,974	60,412
Assets held for sale	4	-	670
Tax receivable		196	412
Total current assets		186,384	170,282
Non-current assets			
Investments accounted for using the equity method		2,209	2,194
Investment properties		39,121	38,451
Property, plant and equipment		117,878	118,079
Intangible assets		81,485	77,979
Inventories		360	360
Deferred tax asset		2,851	3,281
Total non-current assets		243,904	240,344
Total assets		430,288	410,626
Current liabilities			
Payables		127,711	152,574
Provisions		12,202	12,702
Retirement benefit obligations		-	109
Total current liabilities		139,913	165,385
Non-current liabilities			
Borrowings		69,525	34,771
Provisions		3,219	2,917
Total non-current liabilities		72,744	37,688
Total liabilities		212,657	203,073
Net assets		217,631	207,553
Equity			
Share capital		214,445	214,445
Reserves		1,672	1,487
Retained earnings		1,514	(8,379)
Total equity		217,631	207,553

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**214,445**	**1,487**	**(8,379)**	**207,553**
Profit for the period	-	-	9,893	9,893
Other comprehensive income				
Transactions with owners recorded directly in equity				
Share based payment transactions	-	185	-	185
Total transactions with owners recorded directly in equity	**-**	**185**	**-**	**185**
Balance at 31 December 2013	**214,445**	**1,672**	**1,514**	**217,631**

The above consolidated condensed statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Share Capital $'000	Revaluation Reserve $'000	Share based payment reserve $'000	Foreign currency translation reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2012	**237,531**	**25,971**	**671**	**(1,270)**	**15,468**	**278,371**
Profit/(Loss) for the period	-	-	-	-	(12,686)	**(12,686)**
Other comprehensive income/(loss)						
Revaluation of salt fields, net of tax	-	(18,430)	-	-	-	**(18,430)**
Exchange differences on translation of foreign operations	-	-	-	(499)	-	**(499)**
Total other comprehensive income/(loss) for the year	-	**(18,430)**	-	**(499)**	**-**	**(18,929)**
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(11,543)	**(11,543)**
Share based payment transactions	-	-	1,021	-	-	**1,021**
Total transactions with owners recorded directly in equity	**-**	**-**	**1,021**	**-**	**(11,543)**	**(10,522)**
Balance at 31 December 2012	**237,531**	**7,541**	**1,692**	**(1,769)**	**(8,761)**	**236,234**

The above consolidated condensed statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	December 2013 $'000	December 2012 $'000
Cash flows from operating activities		
Receipts from customers	461,167	430,580
Payments to suppliers and employees	(459,379)	(408,585)
Other revenue received	1,681	182
Net Interest and other finance costs paid	(2,665)	(4,130)
Income taxes paid	(600)	(1,858)
Dividends received	-	3,530
Net cash (outflow)/ inflow from operating activities	204	19,719
Cash flows from investing activities		
Payments for property, plant and equipment	(5,689)	(13,750)
Payments for intangible assets	(4,871)	(426)
Acquisition of business operations	(350)	(79,403)
Net cash (outflow) from investing activities	(10,910)	(93,579)
Cash flows from financing activities		
Capital return	(23,086)	-
Share based payment transactions	(1,144)	(397)
Proceeds from borrowings	34,645	101,370
Repayment of borrowings	-	(110)
Dividends paid	-	(11,428)
Net cash inflow from financing activities	10,415	89,435
Net increase / (decrease) in cash held	(291)	15,575
Cash at the beginning of the financial year	16,936	7,228
Cash at the end of the half year	16,645	22,803

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

Notes to the financial statements
For the half year ended 31 December 2013

Note 1 – Basis of preparation of interim financial report

These condensed consolidated interim financial statements as at and for the six months ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Ridley Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.* Certain comparative amounts have been reclassified to conform with the current interim financial report presentation.

These interim financial statements were approved by the Board of Directors on 19 February 2014.

The principal accounting policies adopted in the preparation of these interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2013, except for any impact of the revised standards and interpretations described below.

New accounting standards and interpretations

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year. New and revised standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 10 ‘Consolidated Financial Statements’.
- AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards’.
- AASB 11 ‘Joint Arrangements’.
- AASB 12 ‘Disclosure of Interests in Other Entities’.
- AASB 13 ‘Fair Value Measurement’ and AASB 2011-8 ‘Amendments to Australian Accounting Standards arising from AASB 13’.
- AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’.

The application of the new and revised standards has had no material impact on the disclosures or on the amounts recognised in the consolidated interim financial statements.

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements, estimates and assumptions made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated statements as at and for the year ended 30 June 2013.

Notes to the financial statements
For the half year ended 31 December 2013

	CONSOLIDATED	
Note 2 – Other income	**December 2013 $'000**	**December 2012 $'000**
Insurance proceeds	**361**	-
Business services	**779**	-
Proceeds from sales of residual property site assets	**331**	-
Foreign exchange gain	**77**	-
Other	**133**	170
	1,681	170

Note 3 – Expenses

Depreciation and amortisation – continuing operations	**6,768**	4,658
Finance costs:		
Interest expense	**2,616**	3,773
Amortisation of borrowing costs	**267**	233
	2,883	4,006
Business restructuring		
Acquisition related costs	**174**	3,146
Impairment loss on Salt goodwill	**-**	5,017
Impairment loss on Dry Creek salt field	**-**	14,741
	174	22,904

Note 4 – Assets held for sale

At 30 June 2013, the site of the former Ridley AgriProducts feedmill at Dandenong was classified as a current asset held for sale with a carrying value of $0.67 million. This disclosure was consistent with the Group's commitment to sell this site and the marketing campaign in progress at that time. Whilst the site remains for sale, it is no longer considered highly probable that the site will be sold in the short term and therefore the Dandenong site has been reclassified at 31 December 2013 as a non-current Investment Property.

	CONSOLIDATED	
	December 2013 $'000	June 2013 $'000
Assets held for sale	**-**	670

Notes to the financial statements
For the half year ended 31 December 2013

Note 5 - Dividends

Dividends paid during the half year:

	$'000
Half Year ended 31 December 2013	
There were no dividends paid during the half year.	-
Half Year ended 31 December 2012	
Final dividend in respect of the 2012 financial year	
Paid on 28 September 2012 of 3.75 cents, fully franked per share	11,543

Dividends not recognised at half year end:

There were no dividends declared in the current or prior half year.

Note 6 – Contingencies

No significant changes have
occurred in contingent liabilities since the last annual reporting date.

Note 7 – Segment reporting

Operating Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Executive Officer (the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources. The operating segments identified by management are consistent with the manner in which products are sold or how future economic benefits will be realised. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer and his management team on at least a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

AgriProducts	Australia's leading supplier of premium quality, high performance animal nutrition solutions.
Property realisation	Realisation of opportunities in respect of surplus property assets and sales of residual property site assets.

Note 7 – Segment reporting (continued)

In the prior half year, the Group had a third reportable segment which comprised both a continuing and discontinuing operation:

Salt - discontinued operations	Produces, refines and markets salt, and has investments in associated companies. This business, operating through the Cheetham Salt Limited group of entities, was sold on 28 February 2013.
Salt (previously a continuing operation)	Comprised the Dry Creek salt operation which produced and sold salt exclusively to Penrice under a long term Supply Agreement which was terminated by Penrice on 1 July 2013. The salt operation ceased at that date and a site closure programme commenced which involves disposal of surplus assets and rehabilitation of the site. The Dry Creek site is now included within the property realisation segment from 1 July 2013.

The basis of inter-segmental transfers is market pricing.

31 December 2013	**AGRIPRODUCTS**	**PROPERTY REALISATION**	**UNALLOCATED**	**TOTAL**
$'000				
Sales - external	442,567	-	-	**442,567**
Total sales revenue	**442,567**	**-**	**-**	**442,567**
Share of net profits of equity accounted investments	15	-	-	**15**
Interest expense	-	-	(2,883)	**(2,883)**
Reportable segment profit before income tax	**20,700**	**(2,487)**	**(7,075)**	**11,138**
Segment assets	360,300	40,351	29,637	**430,288**
Segment liabilities	127,761	4,983	79,913	**212,657**

Notes to the financial statements
For the half year ended 31 December 2013

Note 7 – Segment reporting (continued)

31 December 2012	AGRI PRODUCTS	SALT CONTINUING OPERATION	PROPERTY REALISATION	UNALLOCATED	TOTAL CONTINUING OPERATIONS	SALT DISCONTINUED OPERATIONS	ELIMINATIONS	TOTAL
$'000								
Sales - external	341,081	4,871	-	-	**345,952**	51,497	-	**397,449**
Sales - internal	-	-	-	-	**-**	1,307	(1,307)	**-**
Total sales revenue	**341,081**	**4,871**	**-**	**-**	**345,952**	**52,804**	**(1,307)**	**397,449**
Share of net profits of equity accounted investments	-	-	-	-	**-**	3,576	-	**3,576**
Interest expense	-	-	-	(4,006)	**(4,006)**	-	-	**(4,006)**
Reportable segment profit before income tax	**15,491**	**(17,859)**	**(552)**	**(11,467)**	**(14,387)**	**5,696**	**-**	**(8,691)**
Segment assets	329,632	47,843	5,808	27,870	**411,153**	155,486	-	**566,639**
Segment liabilities	106,840	364	-	211,715	**318,919**	11,486	-	**330,405**

Notes to the financial statements
For the half year ended 31 December 2013

Note 8 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Profit	
			December		December	
			2013	2012	**2013 $'000**	2012 $'000
Discontinued Operations						
Jointly controlled entities:						
Western Salt Refinery Pty Ltd	Salt Production & Distribution	Australia	-	50%	**-**	154
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production & Distribution	New Zealand	-	50%	**-**	1,875
Associates:						
Salpak Pty Ltd	Salt Marketing	Australia	-	56%	**-**	1,407
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	-	49%	**-**	140
Share of net profits from equity accounted investments included in loss from discontinued operation					**-**	3,576
Continuing Operations						
Associates:						
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed & dogfeed production	Australia	25%	25%	**15**	-
Share of net profits from equity accounted investments					**15**	-

Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Note 9 – Finance facilities

On 24 December 2013, a Second Amendment Deed to the original 28 December 2010 dual bank facility was executed for a facility limit to $100 million and with a maturity date extended from 29 December 2014 to 31 January 2019. The borrowing facility comprises unsecured bank loans with floating interest rates subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements. The key covenant ratios under the facility remain interest cover, debt cover, gearing and consolidated net worth, and the Group is in compliance with each of these covenants as at 31 December 2013.

In conjunction with the rollover of the term debt facility, on 12 December 2013, the trade payable facility limit increased from $30 million to $50 million. The trade payable facility is an unsecured funding arrangement for the purpose of funding trade related payments associated with the purchase of various raw materials.

Notes to the financial statements
For the half year ended 31 December 2013

Note 10 – Events occurring after the balance sheet date

On 3 February 2014, a contract for the sale of the former salt field site at Bowen was executed for $1.25 million. Subject to satisfactory completion, the settlement for the sale of Bowen is expected to be completed on 28 February 2014.

No other matters or circumstances have arisen since 31 December 2013 that have significantly affected, or may significantly affect:

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

Directors' Declaration

In the opinion of the Directors of Ridley Corporation Limited:

a. the financial statements and notes set out on pages 10 to 22 are in accordance with the Corporations Act 2001 including:

   i. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   ii. giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the six month period ended on that date; and

b. there are reasonable grounds to believe that Ridley Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

J M Spark
CHAIRMAN

T J Hart
MANAGING DIRECTOR

Melbourne
19 February 2014

KPMG

Independent auditor's review report to the members of Ridley Corporation Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Ridley Corporation Limited (the company) which comprises the consolidated condensed balance sheet as at 31 December 2013, consolidated condensed statement of profit and loss and consolidated condensed statement of comprehensive income / (loss), condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ridley Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ridley Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

19 February 2014