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 2014
Previous corresponding period: Financial year ended 30 June 2013
Release date: 20 August 2014

	$A'000
Revenue from continuing operations	Up 22.0% to 873,625
Profit from continuing operations after tax	Up 206.2% to 17,613
Net profit for the period attributable to members	Up 181.2% to 17,613

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	#	-
Interim dividend	1.5	50%

In accordance with company policy to pay any dividends at the end of April and October, the consolidated entity will consider the payment of a 2014 final dividend at its September 2014 Board meeting and will announce its 2014 final dividend decision to the market at the appropriate time.

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

	30 June 2014	30 June 2013
Net tangible asset backing per ordinary share	0.45	0.42

Brief Explanation

See pages 2 to 9.

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.

FOCUSED AGRIBUSINESS DELIVERS EARNINGS GROWTH

Ridley Corporation Limited (**Ridley**) has reported EBIT from continuing operations and before non-recurring costs for the year of $28.9 million, an increase of $5.0 million on the $23.9 million prior year equivalent.

Results

Table 1	**2014** **$'000**	2013 $'000
Profit/(Loss) from continuing operations before income tax	**22,043**	**(21,009)**
Income tax (expense)/ benefit	(4,430)	4,423
Profit/(Loss) from continuing operations after income tax expense	**17,613**	**(16,586)**
Profit/(Loss) from discontinued operation after tax	-	(5,108)
Net profit/(loss) attributable to members of Ridley Corporation Limited	**17,613**	**(21,694)**

OPERATING RESULT

A consolidated profit after tax of $17.6 million has been recorded for the 2014 financial year, a significant turnaround from the prior year result which was affected by a number of impairments and the sale of Cheetham Salt.

Within the consolidated result, the Ridley agribusiness recorded an EBIT of $40.1 million, $12.0 million up on the prior year and including a full year of the Laverton rendering operation.

The full year consolidated EBIT of $28.9 million before non-recurring items comprises the Ridley agribusiness result, Corporate costs of $8.6 million, Non-Dry Creek Property costs of $2.2 million, and Dry Creek net operating costs of $0.4 million.

Net finance costs for the year of $5.4 million reflect a full year at the lower level of gearing following the prior year application of Cheetham Salt sale proceeds to debt retirement, whilst the tax expense for the current year of $4.4 million has been positively impacted by a prior year overprovision of $1.0 million.

Sales revenue and gross profit

Agribusiness sales revenue for FY14 of $873.6 million was up $167.3 million (23.7%) on last year's $706.3 million (excludes $10.0 million of 2013 salt sales), and reflects 1.89 million tonnes of stockfeed sold. This is 260k tonnes (15.9%) up on last year and includes a full year's contribution from the Laverton rendering site. Consolidated Gross Profit from continuing operations was $65.9 million, $9.5 million above last year's $56.4 million equivalent.

PROFIT AND LOSS ACCOUNT

Table 2 in $ million

Earnings from operations before finance income and expense and tax expense (EBIT):	**2014**	**2013**	**Movement**
Ridley AgriProducts	40.1	28.1	12.0
Corporate	(8.6)	(5.7)	(2.9)
Property - Dry Creek	(0.4)	3.4	(3.8)
- Other	(2.2)	(1.9)	(0.3)
EBIT from operations before non-recurring costs and Discontinued Operation	**28.9**	**23.9**	**5.0**
Net Finance costs	(5.4)	(7.7)	2.3
Income tax expense (2013: excluding non-recurring transactions & Discontinued Operation)	(4.4)	(4.3)	(0.1)
Net profit from continuing operations after tax before non-recurring costs	**19.1**	**11.9**	**7.2**
Other, Non-recurring costs incurred:			
Write off of Penrice debt #	(1.0)	-	(1.0)
Write off of Dry Creek goodwill	-	(5.0)	5.0
Impairment and write off of Dry Creek salt fields and assets	-	(29.0)	29.0
Transaction costs	(0.5)	(3.2)	2.7
Tax effect of non-recurring transactions	-	8.7	(8.7)
Reported net (loss) / profit from continuing operations	**17.6**	**(16.6)**	**34.2**
Discontinued Operation	**-**	**(5.1)**	**5.1**
Reported net (loss) / profit	**17.6**	**(21.7)**	**39.3**
Earnings per share (cents):			
(i) continuing	5.7	(5.4)	11.1
(ii) reported	5.7	(7.0)	12.7

The profit and loss summary with a prior period comparison provided in Table 2 above, has been sourced from the audited accounts but has not been subject to separate review or audit. The Directors believe that the presentation of the unaudited non-IFRS profit and loss summary in table 2 is useful for users as it reflects the underlying profits of the business.

$0.3m tax benefit included as an offset of current year tax expense.

Corporate and Property costs

Corporate costs of $8.6 million have increased by $2.9 million from the prior year. The prior year comparative was reduced by the allocation of $1.1 million of share-based payments to the “Loss from the Discontinued Operation”.

Property costs of $2.2 million are $0.3 million higher than the prior period due to an increase in consulting and advisory activity for the Dry Creek, Moolap and Lara sites, and for the Dalby and Dandenong sites which are currently held for sale.

A net loss of $0.4 million has been recorded in respect of the wind up of the Dry Creek operation. This figure includes the benefit of $2.5 million of profits from sales of land. It is anticipated that agreement can be reached in the near future with the South Australian 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.

Net Finance costs

The net finance costs of $5.4 million are $2.3 million lower than the prior period (2013: $7.7 million). The reduction reflects a combination of continuing low interest rates throughout the year and a full year of lower debt levels following the prior year retirement of debt from the Cheetham Salt sale proceeds.

Income tax expense

The tax expense of $4.4 million incorporates a positive $1.0 million over provision in the prior year relating to the finalisation of the tax calculations associated with the Cheetham Salt divestment which was completed on 28 February 2013.

Non-recurring costs and discontinued operations

Other than a $0.5 million flow over of transaction costs from the prior year and the $1.0 million write off of debt owing from Penrice following the appointment by that entity of a voluntary administrator, there have been no other discontinued operations or significant, non-recurring items during the 2014 financial year that warrant separate mention for the purposes of presenting the underlying result for continuing operations.

CASH FLOW AND WORKING CAPITAL

The operating cash inflow for the year as shown in Table 3 after working capital movements and maintenance capital expenditure was $24.1 million, a decrease of $30.2 million from the $54.3 million recorded in the prior year. Prior year cash flows included eight months of Cheetham Salt operating cash flows.

The reduction in Development capital expenditure figure to $2.3 million from $10.9 million reflects the completion of the new Pakenham mill in FY13. With Maintenance capital expenditure of $11.4 million, the total outlay for the year of $13.7 million closely approximates the aggregate depreciation and amortisation figure of $13.6 million (note 3).

Payments for Intangible assets of $5.2 million for the year include $4.5m related to the acquisition of a long term take or pay customer contract.

Net proceeds of $1.4 million from sales of assets comprise sale of the Bowen site and various parcels of land north of the former Dry Creek salt operation. A further $2.7m of Dry Creek land sales has been recognised as income with the cash received on 1 July 2014.

The total outlay on acquisitions for the period of $1.4 million includes an investment of $1.0 million in Bluewave Management Inc., a company producing high protein concentrates from fish offal, as well as the payment of contingent consideration in relation to the 2013 acquisition of the Bartlett Grain tuna meal business.

CASH FLOW AND WORKING CAPITAL (continued)

The Company has paid $1.2 million in tax instalments during the year and received a refund of prior year tax paid of $2.8 million for a net refund of $1.6 million.

Dividends paid during the year comprise the interim dividend of 1.5 cents per share paid on 30 April 2014.

Table 3 in $million

	Year ended	
Cash flows for the year	**30 June 2014**	**30 June 2013**
EBIT from operations after transaction costs and before Discontinued Operation & non-recurring costs	28.9	23.9
Net cash inflow from Discontinued Operation & non-recurring transaction costs	(1.5)	0.8
Depreciation and amortisation	13.6	14.5
EBITDA	**41.0**	**39.2**
Movement in working capital	(5.5)	26.4
Maintenance capital expenditure	(11.4)	(11.3)
Operating cash flow	**24.1**	**54.3**
Development capital expenditure	(2.3)	(10.9)
Payment for intangibles	(5.2)	-
Dividends paid	(4.6)	(11.4)
Capital return	(23.1)	-
Share-based payments	(3.3)	(2.1)
Net proceeds from sale of property assets	1.4	-
Investment in Bluewave and contingent consideration (2013: Laverton rendering business and Bartlett Grain)	(1.4)	(80.7)
Net proceeds from sale of Cheetham Salt	-	144.6
Cash assets divested with Cheetham Salt	-	(5.1)
Net finance cost payments	(4.8)	(8.0)
Net tax refund/(payments)	1.6	(0.3)
Movement in other balance sheet items	(0.9)	-
Cash flow for the period	**(18.5)**	**80.4**
Opening net debt balance at 1 July	(17.8)	(98.2)
Closing net debt balance at 30 June	**(36.3)**	**(17.8)**

The cash flow summary with a prior period comparison provided in Table 3 above, has been sourced from the audited accounts but has not been subject to separate review or audit. The Directors believe that the presentation of the unaudited non-IFRS cash flow summary in table 3 is useful for users as it reflects the underlying cash flows of the business.

BALANCE SHEET

The primary movement in the Balance Sheet is the settlement of the capital return, which was recorded last year as a $23.1 million year end Current Payable, was paid in July 2013 from the borrowing facility, and is effectively reflected at 30 June 2014 within Non-Current Borrowings.

The modest increases in Receivables and Inventory reflect the higher level of sales activity compared to the prior year.

Other movements include:

(i) the termination and settlement of the Defined Benefit superannuation scheme and associated liability, previously disclosed under the heading of "Retirement benefit obligations";

(ii) a net $2.5 million increase in Intangible assets comprising the acquisition of the poultry take or pay contract of $4.5 million, goodwill arising on the $0.35 million payment in 2014 of Bartlett Grain contingent consideration from the 2013 acquisition, and software additions, offset by the period charge for amortisation;

(iii) the prior period balance sheet recorded a net income tax refund receivable whereas the closing tax position at 30 June 2014 reflects a net tax liability of $2.4 million; and

(iv) reclassification of the former Dalby feed mill from Property, plant and equipment to Asset held for sale. The Dalby mill was closed during the current financial year with the majority of the stockfeed volume transferred to the neighbouring Ridley feed mill at Toowoomba. An agreement to sell the site was reached in early June 2014 subject to the Purchaser receiving financier approval. The sale concluded as scheduled on 11 August 2014.

SEGMENTS

The ongoing reportable segments are as follows:

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

The prior year Salt segment ceased operations on 30 June 2013 with the termination of salt supply to Penrice, and therefore does not appear as a segment in the 2014 financial year.

RISKS

The following is a summary of some of the continuing significant 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, (namely poultry and pig, dairy, aqua, beef and sheep, packaged products and rendering) some of which have a positive or negative correlation with each other, Ridley is not dependent upon a single business sector and is able to spread the sector and adverse event risk across a diversified portfolio.

- Influence of domestic 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 not being able to control the availability of natural pasture, Ridley 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 with the outbreaks of Avian Influenza in the last two years which effectively closed most of the export markets for poultry meal products.

- Customer concentration & risk of regional consolidation - Ridley endeavours to enter into long term sales and supply contracts with its customers and suppliers respectively to provide the surety of volumes required to plan appropriate shift structures, procurement and supply chain activities, and capital expenditure programs and to actively manage the risk of stranded assets and backward integration into feed production by significant customers.

- Property holdings - Ridley has a dedicated property team whose role it is to manage the maintenance of non-operating sites, to secure appropriate redevelopment approvals, and to optimise the realisation of shareholder value from surplus property.

- Corporate risks - customary risks such as safety, recruitment and retention of high calibre employees, inadequate innovation and new product development such that product or customer value proposition becomes redundant, customer credit risk, inappropriate raw material purchases. These risks are actively managed through the company’s risk management framework which includes review and monitoring by the executive lead team.

EARNINGS PER SHARE

The underlying earnings per share of 5.7 cents reflects the result on a stable equity platform following the FY13 financial impact of sale of Cheetham Salt and the non-recurring pre-tax write downs, impairments and transaction costs of $37.2 million.

Earnings per share (cents)	**2014**	2013
Basic earnings per share	**5.7**	(7.0)

GEARING

Gearing is reported as debt to equity in accordance with the covenants of the Group banking facility.

Gearing	2014 $'000	2013 $'000
Gross debt	**55,584**	34,771
Less: cash	**(19,241)**	(16,936)
Net debt	**36,343**	17,835
Total equity	**219,774**	207,553
Gearing ratio	**16.5%**	8.6%

The capital return outlay of $23.1 million was fully provided in the prior year and was a cash outlay in FY14.

CAPITAL MOVEMENTS AND RETURN

The capital return of 7.5 cents per share as approved by Ridley shareholders on 24 June 2013 was paid on 5 July 2013. A tax ruling was received from the ATO advising that for all shareholders, no part of the capital return would 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

During FY14, a total of 3,822,834 (FY13: 2,244,183) shares were acquired by the Company on market for an outlay of $3.3 million (FY13: $2.1 million) in satisfaction of the issue of 2,889,054 (FY13: 1,403,057) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan and Special Retention Plan. A further 933,780 (FY13: 841,126) shares were allocated under the Ridley Employee Share Scheme.

There were no movements in issued capital during either financial year.

DIVIDEND

The Board declared and paid an interim dividend of 1.5 cents per share at the end of April 2014, franked to 50%. Ridley does not have a formal dividend policy but its intention is 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.

In accordance with company policy to pay any dividends at the end of April and October, the consolidated entity will consider the payment of a 2014 final dividend at its September 2014 Board meeting and will announce its 2014 final dividend decision to the market at the appropriate time.

OUTLOOK

All of the economic forecasts for Asia for the next twenty or more years point to an ever increasing requirement for protein, including protein derived directly or indirectly from livestock products. As a land and resource rich nation in close proximity to this Asian food requirement, Australia is a critical component of the supply chain.

During the 2014 year Ridley increased its annual supply of nutrition to Australian livestock producers to 1.89 million tonnes, and plays an important part in all of the nation’s sectors for the supply of animal-derived protein.

The growth in poultry has been compounding for over a decade at the rate of 2-3% from an already high base of consumption, and the outlook is for more of the same.

The outlook for Australian dairy products is also positive, with China recently acknowledging its inability to become self sufficient and to be a net importer of dairy products for the foreseeable future.

OUTLOOK (continued)

The Aquafeed industry continues to grow on a worldwide scale and Ridley is well placed to service this growth through its fin fish and prawn product range and with innovative protein sources to reduce reliance on fish meal derived from dwindling wild caught fish stocks.

Product from the rendering process is an integral part of the protein supply chain.

Ridley is intending to organically grow its business in each of the above markets. To achieve this, Ridley is working closely with its customers to:

(i) ensure that it has long term feed milling capacity close to the current and intended location of their livestock; and

(ii) make sure it has innovative research and development programs to find alternative raw material feed inputs and continually improve its feed conversion ratios.

The long term outlook for the Ridley agribusiness is for steady and sustainable growth. The business continues to focus effort on providing a more robust and stable business in the future.

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.

It is expected that the higher levels of costs now being incurred to advance the property development approvals will continue for the next two to three years as the sites earmarked for development progress through their value-adding stage gates. These costs may be offset by further piecemeal sales of surplus assets. An expression of interest process is commencing in September 2014 for the Lara and Dry Creek sites to ascertain the market interest for certain parcels of land and identify any opportunities to negotiate a favourable sale transaction.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Revenue from continuing operations	2	**873,625**	716,318
Cost of sales		**(807,744)**	(659,900)
Gross profit		**65,881**	56,418
Finance income		**230**	74
Other income	2	**5,972**	309
Expenses from continuing operations:			
Selling and distribution		**(10,432)**	(9,320)
General and administrative		**(33,543)**	(23,309)
Finance costs	3	**(5,622)**	(7,811)
Business restructuring	3	**(466)**	(37,254)
Share of net profits/(losses) from equity accounted investments	8	**23**	(116)
Profit/(Loss) from continuing operations before income tax expense		**22,043**	(21,009)
Income tax (expense)/benefit		**(4,430)**	4,423
Profit/(Loss) from continuing operations after income tax expense		**17,613**	(16,586)
Profit/(Loss) from discontinued operation (net of tax)		**-**	(5,108)
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited		**17,613**	(21,694)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit superannuation		**123**	372
Income tax		**-**	(112)
Revaluation of salt fields		**-**	(29,529)
Income tax		**-**	11,099
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**-**	(352)
Other comprehensive income for the year, net of tax		**123**	(18,522)
Total comprehensive income for the year		**17,736**	(40,216)
Total comprehensive income for the year attributable to:			
Ridley Corporation Limited		**17,736**	(40,216)
Earnings per share			
Basic earnings per share – continuing		**5.7c**	(5.4c)
Basic earnings per share		**5.7c**	(7.0c)
Diluted earnings per share – continuing		**5.7c**	(5.4c)
Diluted earnings per share		**5.7c**	(7.0c)

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents		**19,241**	16,936
Receivables		**96,371**	91,852
Inventories		**64,539**	60,412
Assets held for sale	4	**1,370**	670
Tax receivable		**-**	412
Total current assets		**181,521**	170,282
Non-current assets			
Investments accounted for using the equity method		**2,217**	2,194
Available for sale financial asset		**1,084**	-
Investment properties		**37,177**	38,451
Property, plant and equipment		**118,602**	118,079
Intangible assets		**80,491**	77,979
Inventories		**120**	360
Deferred tax asset		**1,879**	3,281
Total non-current assets		**241,570**	240,344
Total assets		**423,091**	410,626
Current liabilities			
Payables		**129,417**	152,574
Tax liabilities		**4,233**	-
Provisions		**13,134**	12,702
Retirement benefit obligations		**-**	109
Total current liabilities		**146,784**	165,385
Non-current liabilities			
Borrowings		**55,584**	34,771
Provisions		**949**	2,917
Total non-current liabilities		**56,533**	37,688
Total liabilities		**203,317**	203,073
Net assets		**219,774**	207,553
Equity			
Share capital		**214,445**	214,445
Reserves		**375**	1,487
Retained earnings	7	**4,954**	(8,379)
Total equity		**219,774**	207,553

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		**945,171**	857,904
Payments to suppliers and employees		**(913,416)**	(805,575)
Dividends received		**-**	8,287
Interest received		**230**	74
Other income received		**2,804**	321
Interest and other costs of finance paid		**(5,045)**	(8,095)
Income tax net refund/(payment)		**1,605**	(333)
Net cash inflow from operating activities	5	**31,349**	52,583
Cash flows from investing activities			
Acquisition of business operations	32	**(350)**	(80,740)
Acquisition of available for sale financial asset	31	**(1,084)**	-
Payments for property, plant and equipment		**(13,717)**	(22,260)
Payments for intangibles		**(5,205)**	(533)
Proceeds from disposal of discontinued operations, net of cash disposed		**-**	144,640
Proceeds from sale of non-current assets		**1,421**	-
Net cash inflow/(outflow) from investing activities		**(18,935)**	41,107
Cash flows from financing activities			
Share based payment transactions		**(3,264)**	(2,056)
Drawdown/(Repayment) of borrowings		**20,813**	(70,499)
Dividends paid		**(4,572)**	(11,427)
Capital return		**(23,086)**	-
Net cash (outflow) from financing activities		**(10,109)**	(83,982)
Net increase in cash held		**2,305**	9,708
Cash at the beginning of the financial year		**16,936**	7,228
Cash at the end of the financial year		**19,241**	16,936

There were no non-cash financing and investing activities during the years ended 30 June 2014 and 2013.

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

Extract of notes to the financial statements
For the year ended 30 June 2014

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.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report. The financial report has been prepared on the basis of historical cost, except for derivative financial instruments and cash settled share-based payment arrangements 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.

Note 2 – Revenue and Other income

	2014 $'000	2013 $'000
Revenue from continuing operations		
Sale of goods	**873,625**	716,318
Other income from continuing operations		
Insurance proceeds	**361**	-
Business services	**1,456**	-
Profit from sales of residual property site assets	**764**	-
Profit on sale of land	**2,675**	-
Foreign exchange gains – net	**-**	12
Rent received	**19**	17
Other	**697**	280
	5,972	309

Note 3 – Expenses

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

Depreciation and amortisation (i)		
Buildings	**981**	885
Plant and equipment	**9,939**	11,712
Software	**1,736**	1,757
Other Intangibles	**920**	170
	13,576	14,524

(i) The depreciation and amortisation charge is included within General and Administrative expenses in the consolidated statement of comprehensive income. The 2013 depreciation expense included $2,576,000 as a result of the annual review of the useful life of plant and equipment.

Finance costs		
Interest expense	**5,296**	7,349
Amortisation of borrowing costs	**326**	462
	5,622	7,811
Bad and doubtful debt expense – net of recoveries	**211**	330
Write off of Penrice debt	**971**	-
Employee benefits expense	**68,611**	61,136
Operating lease expense	**3,484**	2,799

Extract of notes to the financial statements
For the year ended 30 June 2014

Note 3 – Expenses (continued)

		2014 $'000	2013 $'000
Business restructuring			
Acquisition related costs	(a)	**466**	3,234
Impairment loss on Salt goodwill	(b)	**-**	5,017
Impairment loss on Dry Creek salt field	(c)	**-**	14,741
Write down of Dry Creek salt inventory	(c)	**-**	10,393
Write down of Dry Creek property, plant and equipment	(c)	**-**	3,869
		466	37,254

(a) 2013 acquisition related costs included $2,400,000 of stamp duty on the acquisition of the BPL rendering business.

(b) 2013 impairment loss of $5,017,000 in respect of the goodwill that arose from the 2005 acquisition of Dry Creek.

(c) 2013 impairments in relation to the Dry Creek site, which was retained by Ridley to facilitate completion of the Cheetham Salt sale on 28 February 2013. Ridley continued to service the Penrice Supply Agreement until the termination of the supply agreement by Penrice on 1 July 2013. Ridley actively continues to prepare for the redevelopment of the Dry Creek site.

Note 4 – Assets held for sale

	2014 $'000	2013 $'000
Assets held for sale	**1,370**	670

At 30 June 2014, the Group has classified $1,370,000 of assets as being held for sale which relate to the proposed sale of the Ridley AgriProducts sites at Dalby and Dandenong. This disclosure follows management's commitment to sell these sites. The feed mill at Dalby in Queensland was closed during the current financial year and the majority of the stockfeed volume transferred to the neighbouring Ridley feed mill at Toowoomba. Agreement to sell the site was reached in early June 2014 subject to the Purchaser receiving financier approval. The purchaser has since received such approval to satisfy the condition precedent to completion which is scheduled for August 2014.

At 30 June 2013, the Group had classified the former feed mill site at Dandenong as 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 been de-commissioned and a contract to lease the site executed as a means of not only generating some income to cover its maintenance costs but also of making the site more attractive to a purchaser who would have an income stream from the asset while the purchaser secures its development approvals. A revised marketing campaign is expected to achieve a sale within the next twelve months.

Extract of notes to the financial statements
For the year ended 30 June 2014

Note 5 – Dividends

Dividends paid during the year				**2014 $'000**
Year ended 30 June 2014		**Dividend paid**	**Per share**	
Interim dividend in respect of the current financial year	50% Franked	30 April 2014	1.5 cents	**4,617**
				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

	2014 $'000	2013 $'000
Paid in cash	**4,572**	11,427
Non-cash dividends paid on employee in-substance options	**45**	215
	4,617	11,543

Dividends not recognised at year end

In accordance with company policy to pay any dividends at the end of April and October, the consolidated entity will consider the payment of a 2014 final dividend at its September 2014 Board meeting and will announce its 2014 final dividend decision to the market at the appropriate time.	**-**	-

Dividend franking account

Amount of franking credits available at 30 June 2014 to shareholders of Ridley Corporation Limited for subsequent financial years	**156**	2,750

No foreign conduit income is attributed to the dividend.

Extract of notes to the financial statements
For the year ended 30 June 2014

Note 6 – Segment reporting

2014 **$'000**	**AgriProducts**	**Property**	**Unallocated**	**Consolidated Total**
Sales – external	873,625	-	-	873,625
Total sales revenue	**873,625**	**-**	**-**	**873,625**
Other revenue	664	3,439	1,869	5,972
Total revenue	**874,289**	**3,439**	**1,869**	**879,597**
Share of profits of equity accounted investments	23	-	-	23
Depreciation and amortisation expense	(13,297)	(21)	(258)	(13,576)
Write off of Penrice debt	-	-	(971)	(971)
Interest income	-	-	230	230
Interest expense (Note 3)	-	-	(5,622)	(5,622)
Reportable segment profit/(loss) before income tax	**40,086**	**(2,633)**	**(15,410)**	**22,043**
Segment assets	352,362	41,101	27,411	420,874
Investments accounted for using the equity method	2,217	-	-	2,217
Total segment assets	354,579	41,101	27,411	423,091
Segment liabilities	133,049	3,814	66,454	203,317
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	18,193	-	729	18,922

Note 6 – Segment reporting (continued)

2013 $'000	AgriProducts	Property	Salt	Unallocated	Total	Salt (Discontinued operations)	Eliminations	Consolidated Total
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**	**68,493**	**(1,585)**	**783,226**
Other revenue	309	-	-	-	**309**	12	-	321
Total revenue	**706,639**	**-**	**9,988**	**-**	**716,627**	**68,505**	**(1,585)**	**783,547**
Share of profits/(losses) 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 2014

Note 7 – Retained earnings

	2014 **$'000**	2013 $'000
Opening balance at 1 July	**(8,379)**	15,468
Actuarial profits on defined benefit superannuation – net of tax	**123**	260
Net profit/(loss) for the year	**17,613**	(21,694)
Dividends paid	**(4,617)**	(11,543)
Share based payments reserve transfer	**214**	(190)
Disposal of subsidiary	**-**	9,320
Closing balance at 30 June	**4,954**	(8,379)

Note 8 – Investments accounted for using the equity method

Name of Company	**Principal Activity**	**Country of Incorporation**	**Ownership Interest**		**Contribution to Net Profit**	
			2014	2013	**2014**	2013
Associates:			**%**	%	**$'000**	$'000
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Feed production	Australia	**25**	25	**23**	(116)
Jointly controlled entity:						
Ridley Bluewave Pty Ltd[1]	Animal protein production	Australia	**50**	-	**-**	-
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust[2]	Property realisation	Australia	**50**	-	**-**	-
Investments accounted for using the equity method					**23**	(116)

1 Ridley Bluewave Pty Ltd was incorporated on 1 June 2014 and did not conduct any activity during the financial year.

2 The Company and Unit trust were established on 28 May 2014 as the corporate structure through which any ultimate development of the Moolap site would be managed. There are a number of restrictions for this entity to protect the interests of each party, (being Ridley and development partner Sanctuary Living) which cause the entity to be reported as a joint venture rather than controlled entity. Despite this classification for reporting purposes, Ridley retains full control of the value and use of the land at Moolap until such time as Ridley resolves to commit the land to the project.

Extract of notes to the financial statements
For the year ended 30 June 2014

Note 9 – Earnings per share

	2014		2013	
	Earnings per share		Earnings per share	
	Basic $'000	**Diluted $'000**	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share:				
Profit/(loss) after income tax – continuing operations	**17,613**	**17,613**	(16,586)	(16,586)
(Loss) after income tax – discontinued operation	**-**	**-**	(5,108)	(5,108)
Total	**17,613**	**17,613**	(21,694)	(21,694)

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 10 – Events occurring after the balance sheet date

No other matters or circumstances have arisen since 30 June 2014 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.