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 2015

Previous corresponding period: Half year ended 31 December 2014

Release date: 17 February 2016

				$A'000
Revenue from ordinary activities	up	2%	to	472,698
Profit from ordinary activities after tax attributable to members	down	12%	to	10,293
Net profit for the period attributable to members	down	12%	to	10,293

Dividends	Amount per security		Franked amount per security	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Interim dividend	1.5¢	1.5¢	1.5c	1.5¢

Record date for determining entitlements to the interim dividend	5.00pm on Monday 25 April 2016

31 December	2015	2014
Net tangible asset backing per ordinary share	0.51	0.47

Brief Explanation

See pages 2 to 8.

17 February 2016

RIDLEY REPORTS $10.3M RESULT AFTER DRY CREEK COSTS

For the half year ended 31 December 2015, the Ridley Corporation Limited consolidated group (**Ridley or Group**) today announced half year Earnings Before Interest and Tax (**EBIT**) from the Ridley AgriProducts core business operations of $27.7 million (**m**). The result is $2.1m (8%) ahead of last year's equivalent result of $25.6m, and reflects a positive performance from all operating sectors.

The consolidated net profit before tax of $17.7m is up $2.0m (13%) on the prior period equivalent of $15.7m. Included in the pre-tax result is $1.5m of incremental costs incurred to effect the divestment of Dry Creek offset by a profit of $2.2m on the sale of the former feedmill site at Dandenong.

The consolidated after tax profit for the period is $10.3m, having brought to account $2.8m of tax payable on the divestment of Dry Creek, which is scheduled to Complete on 31 March 2016. The consolidated net profit after tax is consequently down $0.8m (7%) on the prior period result of $11.1m.

Control over Corporate and Net Finance costs has been maintained, which remain at similar levels to the prior period after allowing for some executive restructuring in the period.

Property Realisation costs for Dry Creek include $1.5m of redundancy costs and provisions covering the termination of all site staff by 31 March 2016, divestment transaction legal fees, and incremental remediation consultant activity required to facilitate the sale transaction. Anticipated maintenance costs for Dry Creek are expected to be less than $1m for the third quarter of the year and will cease completely from the 31 March 2016 date of completion of the divestment.

Other Property Realisation costs reflect a reduction in Moolap development approval activity following the termination of the Market Led Proposal process by the State Government of Victoria, offset by performance payments and redundancy accruals for the Ridley internal Property Development team. Following the successful divestments of Dry Creek and other surplus property assets in recent years, the partnering of the flagship Moolap project with a prominent developer, and packaging of the Lara site ready for sale, the Property Development team has achieved its objectives to the point where it can be disbanded progressively over the period to 1 July 2016. Ridley's future involvement in the Moolap development and any potential Lara sale will be managed by the Ridley Corporate team, supported by external providers when required.

On 25 November 2015, the Pinery Bushfire in South Australia caused significant damage to Ridley's feedmill at Wasleys, giving rise to an impairment of damaged assets of $998 thousand (**k**). The assets, plus the lost profits and Additional Increased Costs of Working (**AICW**) to accommodate customer commitments, are covered by insurance, the claim for which was in progress at half year end and will continue progressively throughout the second half year.

The total deductible under the insurance policies of $250,000 has been brought to account as an expense in the half year result. Based on a preliminary estimate of the damaged assets, lost profits and AICW to the period end, a progress claim of $2 million was received from the insurer prior to 31 December 2015. This amount, plus the recovery of the $998k of impaired assets, has been reported as Other income - insurance claim proceeds of $2.998m (Note 2 to the accounts). It is anticipated that all continuing lost profits and AICW will be covered under the ongoing insurance claim.

The 30 November 2015 sale of the former feedmill site at Dandenong realised a pre-tax profit of $2.2m, with the capital gain on sale sheltered by brought forward capital losses.

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

Earnings from operations before finance income and expense and tax expense (**EBIT**):	**Dec 2015 in $m**	**Dec 2014 in $m**	**Movement in $m**
Ridley AgriProducts	27.7	25.6	2.1
Corporate	(4.7)	(4.3)	(0.4)
Property Realisation costs - - Dry Creek	(3.5)	(1.6)	(1.9)
- Other	(1.3)	(1.2)	(0.1)
Property Realisation - pre-tax profit on sale of Dandenong	2.2	-	2.2
EBIT from operations	**20.4**	**18.5**	**1.9**
Net finance costs	(2.7)	(2.8)	0.1
Income tax expense	(4.6)	(4.6)	-
Tax payable on Dry Creek divestment	(2.8)	-	(2.8)
Reported net profit for period	**10.3**	**11.1**	**(0.8)**
Earnings per share (cents & six months only):			
(i) from operations	3.3	3.6	(0.3)
(ii) reported	3.3	3.6	(0.3)

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

Ridley AgriProducts

The Ridley AgriProducts business generated Earnings Before Interest and Tax (**EBIT**) of $27.7m for the six months (2014: $25.6m), an improvement of $2.1m (8%).

The Dairy sector performance for the period has exceeded that of the equivalent period last year based on improved margins, albeit with slightly lower volumes. The mash offering from the new blending and storage facility at Terang in Western Victoria performed well in the half year and continues to generate new business in the region. Whilst farmers are currently awaiting clarity on the milk price to firm up their herd strategies, the sector outlook for the second half year remains positive.

A combination of margin management, improved volume, and cost control has generated an uplift in the result for poultry and pig (Monogastric). With annual Monogastric throughput in the vicinity of 1 million tonnes, small improvements in raws margins or savings in production costs per tonne will deliver a meaningful performance uplift. The long term Monogastric growth prospects remain positive, with the new poultry and pig feedmill at North East Geelong providing additional capacity for Ridley to accommodate the anticipated growth to the north and west of Geelong in Victoria. Construction of the feedmill commenced during the half year and is targeted for commissioning in early 2017.

Raw material intake volumes at both rendering sites have fallen against the prior year, which is a reflection of herd management and strong competition to secure volume to maintain plant utilisation. Shrinkage of overseas markets for low grade tallow exports has affected demand for that product, and management is currently focussed on maximising plant efficiency to minimise the volume of lower grade tallow produced by each plant. A number of strategically significant capital projects undertaken in the last twelve months have improved plant reliability and reduced operating costs, and the challenge for the second half year is to maintain and improve raw material intake volumes in a tight market.

Following a stronger than anticipated result last year, a small Aqua-Feed performance improvement has been generated by improved margins offset by a decline in feed volume requirements from major customers. The new Robart Court facility will be operational by the end of March 2016 and will improve site safety, traffic flows and operational efficiency.

Continued focus on margin management for Packaged Products has improved sector earnings at the expense of a modest reduction in sales volumes. A number of product ranging and brand refresh campaigns are to be run in the second half year to consolidate sales volumes and build a platform for future growth.

The Supplements business has been the standout performer in comparison to the prior year, with a significant uplift in earnings driven by sales of dry season and magnesium blocks and loose mixes. The second half focus is on a strategic pricing and marketing strategy for wet season blocks and loose mix products, and on the stockbuild for the following season.

Corporate costs and Property Realisation

Corporate costs of $4.7m (2014: $4.3m) are generally consistent with the prior year comparatives after deducting unrealised foreign exchange gains or losses and some internal management restructure costs.

The Dry Creek Property realisation costs for Dry Creek of $3.5m (2015: $1.6m) include a number of costs associated with the divestment. The divestment is scheduled to Complete on 31 March 2016, from which date all Dry Creek related costs will cease. The site running costs for the third quarter will reduce significantly following the 1 December 2015 release of approximately half of the site staff and the move to a minimum holding pattern awaiting Completion. All Dry Creek redundancy costs, including those staff being released on 31 March 2016, have been brought to account in the half year result.

Other Property realisation costs have increased to $1.3m (2014: $1.2m), which reflects a combination of factors, notably a performance incentive payment for the Dry Creek sale, plus a redundancy provision totalling $210k which reflects the decision to release all internal Ridley Property Realisation staff by 1 July 2016. Offsetting these incremental costs are lower levels of activity at Moolap following completion of extensive engineering and geotechnical studies last year and the termination by the Victorian State Government of the Market Led Proposal process. We will assist the Victorian State Government in conducting its review of the Corio Bay Peninsula. In the meantime, we shall restrict any surplus property holding costs to only essential and value-adding activities pending the outcome of the review, expected to revert to being less than $1m per annum from 1 July 2016.

Finance costs

Consolidated net interest and financing costs for the period were $2.7m (2014: $2.8m), consistent with the prior period based on similar debt levels and no movements in the RBA interest rate during the period. The facility is being rolled over and extended during the second half year to take advantage of improved lending rates and to accommodate the financing of potential new feed mills.

Tax expense

The current period tax expense of $7.4m (2014: $4.6m) includes tax payable of $2.8m on the divestment of Dry Creek which has been brought to account in the half year result in accordance with the requirement to calculate tax payable upon Execution of the contractual agreements. This treatment contrasts with the accounting rules to calculate the profit or loss on sale at Completion.

BALANCE SHEET

The balance of Receivables has increased $14.8m, 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 37 days.

Much of the $11.4m increase in Inventories comprises increased holdings and prices for animal and fish meals, with concerns over shortfalls against the South American wild caught anchovy quota creating market uncertainty and sharp price rises during the period. Longer positions have been taken to ensure the adequacy of raw material supply for the forecast customer requirements.

After allowing for the $7m Dry Creek divestment deposit included within Current Payables until the divestment Completion, Payables has decreased by $12.0m, of which $3.7m relates to a reduction in drawdown of the Trade Payables facility. The movement from one period to the next reflects the timing of payments within historic trading terms and conditions.

The combined impact of the above is a significant increase in working capital which will be reversed over the second half year to return to the traditional levels of cash generation. The short term cash flow impact of this increase in working capital is a corresponding increase in Borrowings, partly offset by a $3.9m increase in cash and cash equivalents on hand at balance date.

The $2.0 million increase for the period in Property, plant and equipment (**P,P&E**) primarily reflects $9.2m of capital expenditure offset by depreciation and amortisation of $6.2m. The $1.0m impairment of fire-damaged assets at Wasleys is reflected in the asset movement for the period, with offsetting revenue included within Other Income – insurance claim proceeds.

CASH FLOWS

As noted above, short term operating cash flow for the period has been temporarily affected by the increase in working capital of $35.6m (2014: $12.9m), whilst the increase in cash balance is a function of the 31 December period close off and timing of the application of funds to debt and creditors. In addition to the impact of working capital, the movement in borrowings reflects net tax payments of $9.6m, and the $6.1m outlay for the 2015 final dividend paid on 30 October 2015.

Net proceeds from asset sales of $9.9m have been received in the period, of which $2.9m relates to the 30 November 2015 sale of the former feedmill site at Dandenong, and $7m to the Dry Creek sale to be completed on 31 March 2016.

Maintenance capital expenditure of $5.5m (2014: $5.0m) is consistent with prior periods and within the $7.5m of aggregate depreciation and amortisation on P,P&E. The largest single item of Development capital expenditure for the period represents the commencement of plant manufacture and site works for the new feedmill being constructed at North East Geelong ($2.1m). A number of projects have been conducted, or are in progress, at various other sites designed to improve operational efficiency and reduce wastage.

The following cash flow summary, together 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**	
	31 Dec 2015	**31 Dec 2014**
EBIT from operations	20.4	18.5
Depreciation and amortisation	7.5	7.5
EBITDA from operations	**27.9**	**26.0**
Increase in working capital	(35.6)	(12.9)
Maintenance capital expenditure	(5.5)	(5.0)
Operating cash flow	**(13.2)**	**8.1**
Development capital expenditure	(3.7)	(11.2)
Dividends paid	(6.1)	(6.1)
Payment for Intangibles	(0.5)	(0.7)
Net finance expense	(2.8)	(2.7)
Net tax payments	(9.6)	(4.3)
Proceeds from pending sale of Dry Creek	7.0	-
Proceeds from sale of Dandenong	2.9	3.5 #
Share-based payments	(0.1)	(0.1)
Movement in other balance sheet items	(0.1)	(3.8)
Cash flow for the period	**(26.2)**	**(17.3)**
Opening net debt balance at 1 July	(32.7)	(36.3)
Closing net debt balance at 31 December	**(58.9)**	**(53.6)**

Prior period sales proceeds comprises the sale of Dalby feedmill and parcels of land north of the former Dry Creek saltfield in South Australia.

DIVIDEND AND CAPITAL MANAGEMENT

A final dividend for the 2015 financial year of 2 cents per share, fully franked, was paid to shareholders on Friday 30 October 2015.

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

The Ridley Board has approved a fully franked interim dividend of 1.5 cents per share payable on Friday 29 April 2016.

MANAGING DIRECTOR'S REVIEW

Managing Director, Mr Tim Hart, made the following comments on the half year performance. "The most pleasing aspect of the half year result is a third successive record core business result. Our efforts to consolidate operational improvements and manage risks more effectively continue to be rewarded, and have enabled us to achieve this result whilst navigating a couple of speed bumps which impacted sales volumes in our Aquafeed sector and raw material intake volumes in our Rendering sector."

"The sale of the Dry Creek site was a major accomplishment in the period, and from 31 March 2016 will terminate the annual legacy cost in the vicinity of $3 million that arose following the cessation of salt production in 2013. Completion of the sale of our former feedmill at Dandenong was another important milestone in the realisation of our portfolio of surplus land assets. Proceeds from each of these transactions will be applied back into the business in development projects, including the new poultry and pig feedmill at the North East Geelong site, for which construction commenced during the period. We continue to work diligently to secure the combination of additional volume and/or freight savings required for other new feedmill projects to meet our commercial hurdle rates."

"Since the end of the half year, we have announced two significant transactions, namely securing a site for domestic production of Novacq™ and investing in a Thailand feedmill. Acquiring a ten year lease on unused prawn ponds at the Tru-Blu Prawn farm in Yamba, NSW, facilitates the scale up of Novacq™ manufacture to commercial quantities sufficient to satisfy the latent domestic demand for the prawn feed additive and to conduct trials in Thailand. Once we have established a compelling customer value proposition in Australia, we can take the intellectual property to our preferred initial licensed jurisdiction of Thailand, where we have also recently been active."

"Our 49% interest in a state of the art, modern feedmill in Chanthaburi, Thailand, provides us with an immediate footprint in the world's second largest prawn producing country to develop our brand in readiness for the introduction of Novacq™ into Thai prawn feed diets. A joint approval process has been achieved for key decision making within the Joint Venture. For a total equity investment of AUD$1.1 million, we will operate a nearly new feedmill in immaculate condition, with an initial annual production capacity of approximately 30,000 tonnes, and with an exclusive contract to supply prawn feed to the adjacent prawn farm owned and operated by the feedmill co-owners. For a minimal outlay relative to Australian values, the annual feedmill capacity can be increased to 55,000 tonnes. The co-owners are highly respected in, and knowledgeable on, local markets and all aspects of prawn production, and will be able to provide invaluable insights to Ridley as it seeks to establish a presence in Thailand. We are delighted to have secured such a low cost, low risk entry platform for Ridley prawn feed in such an important offshore market. This is a unique opportunity for Ridley to establish a brand presence, to launch a range of diets with Novacq™ inclusion, and to establish a local site for the large scale production of Novacq™ in Thailand."

"The sourcing of high value, high yielding feedstock dietary inputs such as Novacq™ is an important part of our strategy to differentiate ourselves as the preferred and leading supplier of premium quality, high performance animal nutrition solutions. We believe these two recent transactions will be reflected on in years to come as significant events for Ridley in securing its pivotal role in the long term, sustainable and environmentally responsible production of livestock" Mr Hart concluded.

OUTLOOK

Commenting on the outlook, Mr Hart said "Even with some challenges in a couple of sectors, our third successive core business result vindicates our collective efforts to generate sustained and steady growth over the long term. We hold firm to our belief that there is significant further improvement and growth potential in the core business and to our desire to modernise and consolidate our activities to provide a sustainable and compelling value proposition for our customers. In addition, we will always explore acquisition opportunities in the right space and at the right price to deliver long term value for Ridley shareholders."

Mr Hart concluded "In addition to the continuous improvement focus to growing our core business, we will be working through the transitional arrangements and practicalities of handing over the Dry Creek site to its purchaser at the end of March 2016. We will continue to work diligently with our development partner to assist the Victorian State Government in conducting its review of the Corio Bay Peninsula. In the meantime, we shall restrict any surplus property holding costs to only essential and value-adding activities pending the outcome of the review. Once we have clarity from the review outcomes, we will reassess the requirements and resources needed to secure the rezoning and other approvals necessary to facilitate the development of the Moolap site near Geelong into a master planned community."

For further information please contact:

Tim Hart
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Ridley Corporation Limited

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RIDLEY CORPORATION LIMITED

Directors' Report for the half year ended 31 December 2015

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 2015.

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:

G H Weiss
T J Hart
A L Vizard
P M Mann
R J van Barneveld
E Knudsen
J M Spark (resigned on 1 July 2015)

Review of Operations

The review of operations is set out on pages 2 to 8.

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 10.

Signed at Melbourne on 17 February 2016 in accordance with a resolution of the Directors.

G H Weiss	T J Hart
CHAIRMAN	MANAGING DIRECTOR

KPMG

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 interim period ended 31 December 2015 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

17 February 2016

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	December 2015 $'000	December 2014 $'000
Revenue		472,698	465,012
Cost of sales		(432,545)	(426,259)
Gross profit		40,153	38,753
Finance income		68	162
Other income	2	7,284	2,129
Expenses:			
Selling and distribution		(6,544)	(5,990)
General and administrative	3	(20,541)	(16,427)
Finance costs	3	(2,759)	(3,007)
Share of net profits from equity accounted investments	7	47	58
Profit before income tax		17,708	15,678
Income tax expense		(7,415)	(4,622)
Net profit after tax attributable to members of Ridley Corporation Limited		10,293	11,056
Other comprehensive income		-	-
Total comprehensive income for the period		**10,293**	**11,056**
Total comprehensive income for the period attributable to members of Ridley Corporation Limited		**10,293**	**11,056**
Earnings per share		**Cents**	**Cents**
Basic earnings per share		3.3	3.6
Diluted earnings per share		3.3	3.6

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

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	December 2015 $'000	June 2015 $'000
Current assets			
Cash and cash equivalents		38,891	34,991
Receivables		115,804	101,037
Inventories		93,090	81,703
Assets held for sale	4	33,463	34,133
Total current assets		281,248	251,864
Non-current assets			
Investment properties		3,102	3,153
Property, plant and equipment		141,548	139,543
Intangible assets		77,385	78,194
Investments accounted for using the equity method		2,370	2,323
Deferred tax asset		1,480	1,476
Total non-current assets		225,885	224,689
Total assets		507,133	476,553
Current liabilities			
Payables		156,024	158,725
Provisions		13,053	12,766
Tax liability		4,940	7,148
Total current liabilities		174,017	178,639
Non-current liabilities			
Borrowings		97,753	67,693
Provisions		463	387
Total non-current liabilities		98,216	68,080
Total liabilities		272,233	246,719
Net assets		234,900	229,834
Equity			
Share capital		214,445	214,445
Reserves		1,782	853
Retained earnings		18,673	14,536
Total equity		234,900	229,834

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 2015

	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**214,445**	**853**	**14,536**	**229,834**
Profit for the period	-	-	10,293	10,293
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**10,293**	**10,293**
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(6,156)	(6,156)
Share based payment transactions	-	929	-	929
Total transactions with owners recorded directly in equity	-	**929**	**(6,156)**	**(5,227)**
Balance at 31 December 2015	**214,445**	**1,782**	**18,673**	**234,900**

	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2014	**214,445**	**375**	**4,954**	**219,774**
Profit for the period	-	-	11,056	11,056
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**11,056**	**11,056**
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(6,156)	(6,156)
Share based payment transactions	-	749	-	749
Total transactions with owners recorded directly in equity	-	**749**	**(6,156)**	**(5,407)**
Balance at 31 December 2014	**214,445**	**1,124**	**9,854**	**225,423**

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 2015

	December 2015 $'000	December 2014 $'000
Cash flows from operating activities		
Receipts from customers	510,474	482,092
Payments to suppliers and employees	(521,694)	(474,100)
Other revenue received	3,418	1,311
Net interest and other finance costs paid	(2,825)	(2,747)
Income taxes paid	(9,627)	(4,291)
Net cash (outflow)/inflow from operating activities	(20,254)	2,265
Cash flows from investing activities		
Payments for property, plant and equipment	(9,293)	(16,189)
Payments for intangible assets	(451)	(678)
Proceeds from sale of land assets	10,000	3,472
Net cash inflow/(outflow) from investing activities	256	(13,395)
Cash flows from financing activities		
Share based payment transactions	(88)	(60)
Proceeds from borrowings	30,060	9,060
Dividends paid	(6,074)	(6,083)
Net cash inflow from financing activities	23,898	2,917
Net increase/(decrease) in cash held	3,900	(8,213)
Cash at the beginning of the financial year	34,991	19,241
Cash at the end of the half year	38,891	11,028

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 2015

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 2015, 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 2015 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 17 February 2016.

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 2015, 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 2015-5 Amendments arising from the withdrawal of AASB 1031 Materiality

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. The Group has not early adopted any other standard, interpretation or amendment that has been issued but which is not yet effective.

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 2015.

Notes to the financial statements
For the half year ended 31 December 2015

	CONSOLIDATED	
	December 2015	December 2014
Note 2 – Other income	**$'000**	$'000
Business services	**531**	460
Insurance claim proceeds (Note 3)	**2,998**	-
Profits from sales of residual property site assets	**2,616**	442
Rent received	**356**	311
Foreign exchange gain	**626**	601
Other	**157**	315
	7,284	2,129
Note 3 – Expenses		
Depreciation and amortisation	**7,513**	7,495
Finance costs:		
Interest expense	**2,760**	2,948
Amortisation of borrowing costs	**59**	59
Capitalisation of borrowing costs	**(60)**	-
	2,759	3,007
General and administrative costs include, in respect of the Wasleys feedmill:		
Incremental operating costs	**2,000**	-
Impairment loss on property, plant & equipment	**998**	-
Insurance policy deductible	**250**	
	3,248	-

On 25 November 2015, the Pinery Bushfire in South Australia caused significant damage to Ridley's feedmill at Wasleys, giving rise to an impairment of damaged assets of $998,000. The assets, plus the lost profits and Additional Increased Costs of Working (**AICW**) to accommodate customer commitments, are covered by insurance, the claim for which was in progress at half year end and will continue throughout the second half year.

Based on a preliminary estimate of the damaged assets, lost profits and AICW to the period end, a cash progress claim of $2 million was received from the insurer prior to 31 December 2015. This amount, plus the recovery of the $998k of impaired assets, has been reported as Other income - insurance claim proceeds of $2.998m (Note 2) and also within General and administrative expenses. The total deductible under the insurance policies of $250,000 has been brought to account as an expense in the half year result. It is anticipated that all continuing lost profits and AICW will be covered under the ongoing insurance claim.

Note 4 – Assets held for sale

At 30 June 2015, the Group had classified $33.46 million of assets as being held for sale which relate to the Dry Creek site. On the 6 November 2015, the Group announced the signing of a Share Sale Agreement (**SSA**) to divest 100% of the share capital of Ridley Dry Creek Pty Ltd for gross proceeds of $35 million, the net present value of which is $33.46 million.

$7 million of proceeds relating to the SSA has been received during the half year upon execution of the SSA and is included within Current Payables in the Consolidated Balance Sheet. The sale is scheduled to Complete on or before 31 March 2016, and is not subject to due diligence or satisfaction of any other non-routine condition precedent. A further $12 million of proceeds is receivable by the Group at Completion, with the balance of $16 million receivable in tranches up to 31 December 2017.

Notes to the financial statements
For the half year ended 31 December 2015

Note 4 – Assets held for sale (continued)

At 30 June 2015, the Group also had $0.7 million of assets held for sale which related to the executed transaction to sell the Ridley AgriProducts site at Dandenong which Completed on 30 November 2015.

	CONSOLIDATED	
	December 2015 $'000	June 2015 $'000
Assets held for sale	**33,463**	34,133

Note 5 - Dividends

Dividends paid during the half year:

Half year ended 31 December 2015	**$'000**
Final dividend in respect of the 2015 financial year	
Paid on 30 October 2015 of 2.0 cents, fully franked per share	**6,156**
Half year ended 31 December 2014	
Final dividend in respect of the 2014 financial year	
Paid on 31 October 2014 of 2.0 cents, fully franked per share	**6,156**

Dividends not recognised at half year end
In addition to the above dividends, since half year end, the directors have approved a fully franked interim dividend of 1.5 cents per fully paid share payable on 29 April 2016.

The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December 2015, but not recognised as a liability at half year end:	**4,617**

No foreign conduit income is attributed to the dividend.

Note 6 – 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 of opportunities in respect of surplus property assets and sales of residual property site assets.

Notes to the financial statements
For the half year ended 31 December 2015

Note 6 – Segment reporting (continued)

The basis of inter-segmental transfers is market pricing.

31 December 2015	AGRIPRODUCTS	PROPERTY	UNALLOCATED	TOTAL
$'000				
Sales - external	472,698	-	-	**472,698**
Total sales revenue	**472,698**	**-**	**-**	**472,698**
Share of net profit of equity accounted investments	47	-	-	**47**
Interest expense	-	-	(2,759)	**(2,759)**
Reportable segment profit before income tax	**27,745**	**(4,862)**	**(5,175)**	**17,708**
Segment assets	429,045	36,698	41,390	**507,133**
Segment liabilities	159,156	7,824	105,253	**272,233**

31 December 2014	AGRIPRODUCTS	PROPERTY	UNALLOCATED	TOTAL
$'000				
Sales - external	465,012	-	-	**465,012**
Total sales revenue	**465,012**	**-**	**-**	**465,012**
Share of net profit of equity accounted investments	58	-	-	**58**
Interest expense	-	-	(3,007)	**(3,007)**
Reportable segment profit before income tax	**25,569**	**(2,671)**	**(7,220)**	**15,678**
Segment assets	398,009	39,644	14,047	**451,700**
Segment liabilities	151,005	3,927	71,345	**226,277**

Note 7 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest %		Contribution to Net Profit $'000	
			2015	2014	**2015**	2014
Associates:						
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Feed production	Australia	**25**	25	**47**	58
Jointly controlled entities:						
Ridley Bluewave Pty Ltd	Animal protein production	Australia	**50**	50	**-**	-
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust	Property	Australia	**50**	50	**-**	-
Investments accounted for using the equity method					**47**	58

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

Note 8 – Contingent liabilities

Sale of Dry Creek

At 30 June 2015, the Government of South Australia had verbally indicated an intent to establish a liability fund in connection with the surrender of the mining leases held by Ridley Dry Creek Pty Ltd at the site (with the intent that such liability fund will be used to remediate the site, as necessary, as a condition to the surrender of the relevant mining leases).

No actual requirements, details, or negotiations in respect of such a fund have been either communicated or held. In the event the Government of South Australia establishes a liability fund in connection with the surrender of the mining leases held by Ridley Dry Creek Pty Ltd at the Site with the intent of remediating the site, then under the Share Sale Agreement to divest the entity on 31 March 2016, Ridley Corporation Limited will be responsible making any financial contribution to such fund as may be required relative to the period in which Ridley Dry Creek Pty Ltd owned or operated the Dry Creek site. The Dry Creek site was acquired by the group in 2005.

Note 9 – Events occurring after the balance sheet date

On 29 January 2016 the Group announced the acquisition of a 49% Joint Venture interest in Pen Ngern Feedmill Co, an entity domiciled in Thailand which owns and operates a dedicated aquafeed manufacturing facility, for an investment of $1.1 million.

No other matters or circumstances have arisen since 31 December 2015 that have significantly affected, or may significantly affect:

(i) the consolidated entity's operations in future financial periods; or

(ii) the results of those operations in future financial periods; or

(iii) the consolidated entity's state of affairs in future financial periods.

Directors' Declaration

In the opinion of the Directors of Ridley Corporation Limited:

a. the financial statements and notes set out on pages 11 to 19 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 2015 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.

G H Weiss
CHAIRMAN

T J Hart
MANAGING DIRECTOR

Melbourne
17 February 2016

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 2015, consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the interim period ended on that date, notes 1 to 9 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 2015 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 2015 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

17 February 2016