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 2016
Previous corresponding period:	Financial year ended 30 June 2015
Release date:	29 August 2016

	$A'000
Revenue from continuing operations	Up 0.5% to 912,561
Profit from continuing operations after tax	Up 5.7% to 27,203
Net profit for the period attributable to members	Up 30.4% to 27,606

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	2.0	100%
Interim dividend	1.5	100%

After the balance sheet date, a 2016 final dividend of 2.5 cents per share, fully franked and payable on 31 October 2016 was declared by the directors.

Record date for determining entitlements to the final dividend	26 October 2016

	30 June 2016	30 June 2015
Net tangible asset backing per ordinary share	0.56	0.49

Brief Explanation

See pages 2 to 7.

Audit statement

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

RIDLEY DELIVERS A 30% NPAT UPLIFT

Ridley Corporation Limited (**Ridley**) has reported profit from continuing operations before income tax for the year of $40.3 million (**m**), an increase of $4.3m on the $36.0m prior year equivalent.

A consolidated profit after tax of $27.6m has been recorded for the 2016 financial year, an increase of $6.4m (30%) on the prior year's $21.2m. Within the consolidated result, Ridley AgriProducts recorded an EBIT of $53.7m, a third successive record and $3.3m (6%) up on the prior year's record of $50.4m.

Results

Table 1	**2016 $'000**	2015 $'000
Profit from continuing operations before income tax	**40,315**	36,049
Income tax expense	**(13,112)**	(10,306)
Profit from continuing operations after tax	**27,203**	25,743
Profit/(loss) from discontinued operation after tax	**403**	(4,572)
Net profit attributable to members of Ridley Corporation Limited	**27,606**	21,171

OPERATING RESULT

The full year consolidated EBIT of $42.1m after Property costs but before non-recurring items (Table 2), comprises the Ridley AgriProducts result of $53.7m, less Corporate costs of $9.6m and Property costs other than Dry Creek of $2.0m.

The divestment of Dry Creek has been reflected as a Discontinued Operation for the year (Note 6), comprising a pre-tax operating loss prior to divestment of ($4.0m) offset by a pre-tax profit on disposal of $6.6m. After allowing for tax payable on the disposal of ($4.9m) after utilisation of all brought forward capital losses and a tax benefit on operating losses of $2.7m, a net after tax profit on the Discontinued Operation of $0.4m has been recorded for the year. The prior year Dry Creek operating result and asset impairment has been reclassified as a Discontinued Operation for consistency.

The sale of the former feedmill site at Dandenong generated a non-recurring pre-tax profit during the year of $2.2m, the capital gain on which was absorbed through the utilisation of brought forward tax losses.

$1.4m of non-recurring, taxable sundry income has been generated through the insurance claim proceeds received to replace on a "new for old" basis the feedmill assets damaged by the Pinery, South Australia bushfire at Ridley's Wasleys feedmill. The reinstatement of all facilities at the Wasleys site is expected to be completed in the first half of the 2017 financial year and further proceeds progressively received as the rebuild progresses.

Net finance costs for the year of $5.4m reflect interest on bank debt and the trade payables facility and the amortisation of establishment and other fees.

The tax expense for the current year of $12.6m excludes $2.2m of tax payable on the Dry Creek Discontinued Operation and excludes $0.5m of tax relating to Other non-recurring items.

PROFIT AND LOSS

Table 2 in $ million

Earnings from operations before finance income and expense and tax expense (EBIT):	**2016**	**2015**	**Movement**
Ridley AgriProducts	53.7	50.4	3.3
Corporate	(9.6)	(8.9)	(0.7)
Property - Other than Dry Creek	(2.0)	(2.7)	0.7
EBIT from operations before non-recurring costs	**42.1**	**38.8**	**3.3**
Net Finance costs	(5.4)	(5.0)	(0.4)
Income tax expense - continuing	(12.6)	(9.7)	(2.9)
Net profit from continuing operations after tax before non-recurring items	**24.1**	**24.1**	**-**
Discontinued Operation – Dry Creek after tax	0.4	(4.6) #	5.0
Other non-recurring items before tax	3.6	2.3	1.3
Tax on other non-recurring items	(0.5)	(0.6)	0.1
Reported net profit	**27.6**	**21.2**	**6.4**
Earnings per share (cents):			
(i) continuing	8.8	6.9	1.9
(ii) reported	9.0	6.9	2.1

Prior year reclassified from Property - Dry Creek to Discontinued Operation for consistency with 2016.

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.

Sales revenue and gross profit

Agribusiness sales revenue for FY16 of $912.6m was up $5.0m (0.5%) on last year's $907.6m, and reflects 1.94m (2015: 1.90m) tonnes of stockfeed and rendered product sold. Consolidated Gross Profit from continuing operations was $80.2m, $2.6m (3.4%) above last year's $77.6m equivalent.

Corporate and property costs

Corporate costs of $9.6m are largely consistent with the prior year's $8.9m, increasing by $0.7m (7.9%) and accommodating a restructure of the executive lead team.

The Property costs other than Dry Creek of $2.0m are $0.7m lower than the prior period due to the project delays associated with the Victorian state government's termination of the Market Led Proposal process and the conduct of its review of the Corio Bay peninsula.

BALANCE SHEET

There have been the following material movements in the Balance Sheet over the last twelve months:

(i) The $33.5m prior period Dry Creek Current Asset held for sale has been sold during the year, with $19m of proceeds received and a further $16m yet to be received after the balance date, of which $10m ($9.8m net present value) is due within twelve months and the final $6m ($5.5m net present value) by no later than 31 December 2017.

(ii) A $6.5m decrease in cash and cash equivalents reflects the timing of cash receipts versus application to tranches of Borrowing, which increased by $1.7m.

(iii) Increases in current receivables of $11.3m reflect a net $0.7m increase in trade debtors and prepayments, $0.8m insurance income receivable, and $9.8m Dry Creek present value of deferred consideration receivable.

(iv) An increase in inventory ($6.0m) and decrease in Payables ($12.8m) which reflect the interaction between inventory holding levels required to keep the mills operating at capacity and timing of cash payments compared to the prior year.

(v) A $20.7m increase in property, plant and equipment, which reflects $12.2m of construction work in progress for the new Lara feedmill at North East Geelong (announced in August 2015), and a number of operational initiatives at the rendering site at Laverton.

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 $19.3m, a decrease of $25.9m from the prior year of which $19.6m represents a temporary increase in working capital.

The Company has invested $19.3m in development projects during the year, the largest of which is noted above in the Balance Sheet analysis. Maintenance capital expenditure of $14.9m remains below the $15.0m aggregate charge for depreciation and amortisation.

$19m of the $35m proceeds from the sale of Dry Creek were received during the year and a further $3.0m of proceeds were received from the sale of the former feedmill site at Dandenong for a pre-tax profit of $2.2m.

The investment in the Thailand joint venture was acquired for an outlay of $1.3m and payments for Intangible assets of $0.7m reflect Novacq™ development costs.

Dividends paid comprise the final dividend of 2.0 cents per share in respect of the prior financial year paid on 30 October 2015 and the interim dividend of 1.5 cents per share which was paid on 29 April 2016.

Tax instalment payments of $14.0m were made during the year compared to $6.6m in the prior year.

CASH FLOW

Table 3 in $ million

Cash flows for the year ended	30 June 2016	30 June 2015
EBIT from operations after transaction costs and before Discontinued Operation & non-recurring costs	42.1	38.8
Net cash flow from Discontinued Operation & non-recurring items	(3.6)	(2.7)
Depreciation and amortisation	15.0	14.9
EBITDA	**53.5**	**51.0**
(Increase)/Decrease in working capital	(19.3)	7.0
Maintenance capital expenditure	(14.9)	(12.8)
Operating cash flow	**19.3**	**45.2**
Development capital expenditure	(19.3)	(20.6)
Payment for intangibles	(0.7)	(0.4)
Dividends paid	(10.6)	(10.6)
Share-based payments	(1.0)	(2.0)
Proceeds from sale of discontinued operation (Dry Creek)	19.0	-
Proceeds from sale of property assets	3.0	3.5
Payment for Investment in Thailand joint venture	(1.3)	-
Net finance cost payments	(5.4)	(4.9)
Net tax payments	(13.9)	(6.6)
Other items	2.6	-
Cash flow for the period	**(8.3)**	**3.6**
Opening net debt balance at 1 July	(32.7)	(36.3)
Closing net debt balance at 30 June	**(41.0)**	**(32.7)**

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.

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 residual sites are now the former saltfields at Moolap and Lara.

RISKS

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

- Cyclical fluctuations impacting the demand for animal nutrition products - 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 the domestic grain 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 and 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 a 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 third party market risk, such as what happened with the outbreaks of Avian Influenza three years ago which effectively closed most of the export markets for poultry meal products.
- Customer concentration and risk of regional consolidation - Ridley endeavours to enter into long term sales and supply contracts with its customers and suppliers. This provides surety of volumes required to plan appropriate shift structures, procurement and supply chain activities, and capital expenditure programs and actively manages the risk of stranded assets and backward integration into feed production by significant customers.
- Surplus Property holdings – following the realisation of the majority of its surplus land assets, Ridley has released its dedicated property team. Ridley has retained in-house legal resources supported when needed by external experts to manage the maintenance of existing and potential new operating sites. Ridley will work with the state government and alongside its development partner to secure appropriate redevelopment approvals to optimise the realisation of shareholder value from the remaining surplus property.
- Corporate - risks such as safety, recruitment and retention of high calibre employees, inadequate innovation and new product development, customer credit risk, interest rate, foreign exchange and inappropriate raw material purchases are actively managed through the company's risk management framework which includes review and monitoring by the executive lead team.

EARNINGS PER SHARE

The continuing earnings per share of 8.8 cents reflects the result on a stable equity platform. The earnings per share of 9.0 cents reflects the impact of the discontinued operation from the sale of Dry Creek in FY16.

	2016	2015
Basic earnings per share – continuing	**8.8c**	8.4c
Basic earnings per share	**9.0c**	6.9c

GEARING

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

Gearing	**2016 $'000**	2015 $'000
Gross debt	**69,435**	67,693
Less: cash	**(28,468)**	(34,991)
Net debt	**40,967**	32,702
Total equity	**247,884**	229,834
Gearing ratio	**16.5%**	14.2%

CAPITAL MOVEMENTS

During FY16, a total of 735,552 (FY15: 1,870,969) shares were acquired by the Company on market for an outlay of $1.0m (FY15: $2.0m) in satisfaction of:

(i) the issue of 59,649 (FY15: 1,100,713) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan; and

(ii) 675,903 (FY15: 770,256) shares allocated under the Ridley Employee Share Scheme.

There were no new issues of capital during either financial year.

DIVIDEND

The Board paid a 2015 final dividend of 2.0 cents per share, fully franked on 30 October 2015 and a 2016 interim dividend of 1.5 cents per share, fully franked on 29 April 2016. 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.

After the balance sheet date, a 2016 final dividend of 2.5 cents per share, fully franked and payable on 31 October 2016 was declared by the directors. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2016 and will be recognised in subsequent financial reports.

OUTLOOK

A 90% uplift in AgriProducts EBIT from $28.1m to $53.7m has been achieved over the last three years, essentially from our existing asset base without the benefit of any external acquisitions. In FY16, we have delivered another record result in a year when we have experienced some headwinds in two of our flagship business units, Rendering and Aquafeed. In the long term, we retain our view that there is further growth that can be extracted from the current portfolio of assets in the coming years.

To augment the expected organic growth, we are continuing to develop the concepts and plans for the modernisation of our feedmills in a number of key regions. The replacement of an older mill with a newer, more energy and staffing efficient feedmill is capable of returning the cost of capital. What is needed to generate a return which meets Ridley's internal hurdle rates is a combination of incremental volume and freight/logistics savings or arbitrages. In order to de-risk the capital outlay associated with any major new project, these profit enhancing factors need to be underwritten by way of customer contractual commitments. We are continuing our discussions to secure the requisite commitments for a number of potential new feedmill projects and hope to be able to make a positive announcement in the coming year.

Our operational R&D activities to advance the Novacq™ project are gathering momentum and we have an exciting year ahead at Yamba and in Thailand as we continually improve our domestic production and harvesting processes and trial the efficacy of Novacq™ in diets manufactured at the new Thailand facility. Securing a site for local production of Novacq™ in Thailand would reflect another positive development for the project.

We will also be looking to provide some guidance on the process and timing for the Nelson Cove development once we have clarification from the Victorian state government on the outcome of its review of the Corio Bay peninsula.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	**2016 $'000**	2015 $'000 Restated*
Revenue from continuing operations	4	**912,561**	907,599
Cost of sales		**(832,329)**	(830,002)
Gross profit		**80,232**	77,597
Finance income		**183**	272
Other income	4	**12,121**	3,825
Expenses from continuing operations:			
Selling and distribution		**(13,400)**	(12,252)
General and administrative	5(e)	**(33,235)**	(25,688)
Finance costs	5(b)	**(5,602)**	(5,331)
Business restructuring	5(d)	**-**	(2,480)
Share of net profits from equity accounted investments		**16**	106
Profit from continuing operations before income tax expense		**40,315**	36,049
Income tax expense		**(13,112)**	(10,306)
Profit from continuing operations after income tax expense		**27,203**	25,743
Profit from discontinued operation (net of tax)	6	**403**	(4,572)
Net profit after tax attributable to members of Ridley Corporation Limited		**27,606**	21,171
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**27,606**	21,171
Total comprehensive income for the year attributable to:			
Ridley Corporation Limited		**27,606**	21,171
Earnings per share			
Basic earnings per share – continuing	2	**8.8c**	8.4c
Basic earnings per share	2	**9.0c**	6.9c
Diluted earnings per share - continuing	2	**8.8c**	8.4c
Diluted earnings per share	2	**9.0c**	6.9c

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

* *The 2015 consolidated statement of comprehensive income has been restated for the effect of Dry Creek being classified as a Discontinued Operation (refer Note 6).*

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents		**28,468**	34,991
Receivables		**112,352**	101,037
Inventories		**87,683**	81,703
Assets held for sale	6	**-**	34,133
Total current assets		**228,503**	251,864
Non-current assets			
Receivables		**5,537**	-
Investment properties		**3,140**	3,153
Property, plant and equipment		**160,209**	139,543
Intangible assets		**76,355**	78,194
Investments accounted for using the equity method	9	**3,663**	2,323
Deferred tax asset		**7,443**	1,476
Total non-current assets		**256,347**	224,689
Total assets		**484,850**	476,553
Current liabilities			
Payables		**145,916**	158,725
Provisions		**12,909**	12,766
Tax liability		**8,260**	7,148
Total current liabilities		**167,085**	178,639
Non-current liabilities			
Borrowings		**69,435**	67,693
Provisions		**446**	387
Total non-current liabilities		**69,881**	68,080
Total liabilities		**236,966**	246,719
Net assets		**247,884**	229,834
Equity			
Share capital		**214,445**	214,445
Reserves		**2,170**	853
Retained earnings	8	**31,269**	14,536
Total equity		**247,884**	229,834

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 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**1,007,469**	962,930
Payments to suppliers and employees		**(979,510)**	(907,459)
Interest received		**183**	272
Other income received		**8,926**	3,118
Interest and other costs of finance paid		**(5,484)**	(5,209)
Income tax payment		**(13,972)**	(6,593)
Net cash inflow from operating activities		**17,612**	47,059
Cash flows from investing activities			
Payments for property, plant and equipment		**(34,170)**	(33,827)
Payments for intangibles		**(698)**	(446)
Proceeds from sale of discontinued operation	6	**19,000**	-
Proceeds from sale of non-current assets		**3,000**	3,472
Acquisition of investment in joint venture entity	9	**(1,324)**	-
Net cash (outflow) from investing activities		**(14,192)**	(30,801)
Cash flows from financing activities			
Share based payment transactions		**(1,050)**	(1,970)
Drawdown of borrowings		**1,742**	12,109
Dividends paid	3	**(10,635)**	(10,647)
Net cash (outflow) from financing activities		**(9,943)**	(508)
Net (decrease)/increase in cash held		**(6,523)**	15,750
Cash at the beginning of the financial year		**34,991**	19,241
Cash at the end of the financial year		**28,468**	34,991

There were no non-cash financing and investing activities during the current or prior years.

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 2016

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 – Earnings per share

	2016	2015
	Cents	Cents
Basic earnings per share – continuing	**8.8**	8.4
Basic earnings per share	**9.0**	6.9
Diluted earnings per share - continuing	**8.8**	8.4
Diluted earnings per share	**9.0**	6.9

	2016		2015	
	Earnings per share		Earnings per share	
	Basic $'000	**Diluted $'000**	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share:				
Profit after income tax – continuing operations	**27,203**	**27,203**	25,743	25,743
Profit after income tax – discontinued operation	**403**	**403**	(4,572)	(4,572)
Total	**27,606**	**27,606**	21,171	21,171

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 3 – Dividends

Dividends paid during the year	**Franking**	**Payment date**	**Per share (cents)**	**2016 $'000**	2015 $'000
Interim dividend in respect of the current financial year	Fully franked	29 April 2016 (2015: 30 April 2015)	1.5 (2015: 1.5)	**4,618**	4,618
Final dividend in respect of the prior financial year	Fully franked	30 October 2015 (2015: 31 October 2014)	2.0 (2015: 2.0)	**6,156**	6,156
				10,774	10,774

	2016	2015
Paid in cash	**10,635**	10,647
Non-cash dividends paid on employee in-substance options	**139**	127
	10,774	10,774

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 3 – Dividends (continued)

	2016 $'000	2015 $'000
Since the end of the financial year, the directors declared the following dividend:		
2016 final dividend of 2.5 cents per share, fully franked, payable on 31 October 2016.	**7,695**	6,156
Dividend franking account		
Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years	**11,487**	2,132

No foreign conduit income is attributed to the dividend.

Note 4 – Revenue and Other income

	2016 $'000	2015 $'000
Revenue from continuing operations		
Sale of goods	**912,561**	907,599
Other income from continuing operations		
Foreign exchange gains – net	**121**	1,531
Business services	**917**	911
Rent received	**567**	724
Insurance proceeds - Note 5(e)	**7,832**	-
Profit on sale of land	**2,242**	-
Other	**442**	659
	12,121	3,825

Note 5 – Expenses

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

(a) Depreciation and amortisation (i)		
Buildings	**1,314**	1,097
Plant and equipment	**11,078**	10,823
Software	**1,846**	1,839
Intangible assets	**750**	1,161
	14,988	14,920

(i) The depreciation and amortisation charge is included within General and Administrative expenses in the Consolidated Statement of Comprehensive Income.

(b) Finance costs		
Interest expense	**5,405**	5,212
Amortisation of borrowing costs	**317**	119
Capitalisation of borrowing costs	**(120)**	-
	5,602	5,331

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 5 – Expenses (continued)

	2016 $'000	2015 $'000
(c) Other expenses		
Employee benefits expense	**78,633**	75,743
Operating lease expense	**3,583**	3,343
Bad and doubtful debt expense – net of recoveries	**371**	7
(d) Business restructuring		
Impairment of available for sale financial asset - Bluewave	**-**	1,084
Impairment of asset held for sale – Dry Creek	**-**	1,396
	-	2,480
(e) General and administrative expenses include in respect of the Wasleys feedmill:		
Incremental operating costs, clean up and removal of debris	**4,466**	-
Impairment loss on property, plant & equipment	**1,053**	-
Inventory write offs and write downs	**910**	-
	6,429	-

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. The assets, plus the lost profits and Additional Increased Costs of Working (**AICW**) to accommodate customer commitments, subject to a deductible of $250,000, are covered by insurance, the claim for which was in progress at year end and will continue during the first half of the 2017 financial year.

Based on ongoing estimates of the damaged assets, lost profits and AICW to 30 June 2016, total insurance revenue of $7,832,000 has been brought to account, of which $7,000,000 has been received in progress payments from the insurer up to 30 June 2016, and $832,000 remains an outstanding receivable at balance date. (Refer Other income - insurance claim proceeds in Note 4).

There is a net Consolidated Statement of Comprehensive Income gain (before income tax) of $1,403,000 between Insurance Claim Proceeds received and receivable and incremental General and Administrative costs incurred. The income tax on the insurance proceeds received has been brought to account within the income tax expense for the 2016 financial year.

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 6 – Assets held for sale and Discontinued Operations

	2016 $'000	2015 $'000
Assets held for sale	**-**	34,133

At 30 June 2015
The Group classified $33,463,000 of assets as being held for sale which related to the Dry Creek site and $670,000 of assets which related to the sale of the Ridley AgriProducts site at Dandenong. In April 2015, a contract for the sale of Dandenong was executed for $3.0 million and the sale completed on 30 November 2015.

Discontinued Operations

On 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 at completion was $34.3 million.

$19 million of proceeds relating to the SSA were received during the 2016 financial year, with the balance of $16 million receivable in three tranches up to 31 December 2017. Completion occurred on 2 June 2016 in accordance with the side letter executed on 8 April 2016 which deferred completion from the originally scheduled 31 March 2016 date.

(a) Statement of profit or loss for discontinued operation

The financial performance and cash flow information presented are for the period 1 July 2015 to 2 June 2016 (2016 column) and the comparative full year ended 30 June 2015 (2015 column):

	2016 $'000	2015 $'000
Results of discontinued operation		
Other income	**381**	824
Expenses - General and administrative	**(4,351)**	(5,791)
Loss before income tax	**(3,970)**	(4,967)
Income tax benefit:		
Current tax	**1,293**	395
Deferred tax	**1,399**	-
	2,692	395
Loss after income tax	**(1,278)**	(4,572)
Profit on sale before income tax and transaction expenses – Note 6(b)	**7,067**	-
Transaction related expenses	**(499)**	-
	6,568	
Capital gain on disposal	**(8,601)**	-
Utilisation of brought forward tax losses	**3,714**	-
Net income tax payable on disposal of discontinued operation	**(4,887)**	-
Profit on sale of discontinued operation after income tax	**1,681**	**-**
Profit/(loss) from discontinued operation after income tax	**403**	**(4,572)**

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 6 – Assets held for sale and Discontinued Operations (continued)

Discontinued Operations (continued)

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

	2016 $'000
The carrying amounts of assets and liabilities as at the date of sale completion (2 June 2016) were:	
Assets	
Assets held for sale: Property, plant and equipment	**33,456**
Deferred tax	**857**
Total Assets	**34,313**
Liabilities	
Deferred tax	**(7,045)**
Carrying amount of net assets sold	**27,268**
Cash consideration received	**19,000**
Deferred consideration receivable	**16,000**
Discount on deferred consideration	**(665)**
Total consideration	**34,335**
Profit on carrying amount of net assets sold before transaction costs	**7,067**

(c) Cash flows from discontinued operation

	2016 $'000	2015 $'000
Net cash (outflow) from ordinary activities	**(4,018)**	(3,241)
Net cash inflow from investing activities*	**19,000**	-
Net cash inflow / (outflow)	**14,982**	(3,241)

*comprises cash consideration received of $19 million.

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 7 – Segment reporting

2016 financial year $'000	AgriProducts	Property	Unallocated	Total	Property (Discontinued Operations)	Consolidated Total
Total sales revenue – external	**912,561**	**-**	**-**	**912,561**	**-**	**912,561**
Other revenue	8,415	2,638	1,068	12,121	381	12,502
Total revenue	**920,976**	**2,638**	**1,068**	**924,682**	**381**	**925,063**
Share of profits of equity accounted investments	16	-	-	16	-	16
Depreciation and amortisation expense	(14,611)	(13)	(364)	(14,988)	-	(14,988)
Impairment of property, plant and equipment	(1,053)	-	-	(1,053)	-	(1,053)
Interest income	-	-	183	183	-	183
Finance costs	-	-	(5,602)	(5,602)	-	(5,602)
Reportable segment profit/(loss) before income tax	**55,168**	**(2,060)**	**(12,793)**	**40,315**	**2,597**	**42,912**
Segment assets	425,867	3,140	52,180	481,187	-	481,187
Investments accounted for using the equity method	3,663	-	-	3,663	-	3,663
Total segment assets	429,530	3,140	52,180	484,850	-	484,850
Segment liabilities	156,181	-	80,785	236,966	-	236,966
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	34,868	-	-	34,868	-	34,868

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 7 – Operating segments (continued)

2015 financial year $'000	**AgriProducts**	**Property**	**Unallocated**	**Total**	**Property (Discontinued Operations)**	**Consolidated Total**
Total sales revenue – external	**907,599**	**-**	**-**	**907,599**		**907,599**
Other revenue	970	-	2,855	3,825	824	4,649
Total revenue	**908,569**	**-**	**2,855**	**911,424**	**824**	**912,248**
Share of profits of equity accounted investments	106	-	-	106	-	106
Depreciation and amortisation expense	(14,406)	(14)	(500)	(14,920)	-	(14,920)
Impairment of available for sale financial asset - Bluewave	(1,084)	-	-	(1,084)	-	(1,084)
Impairment of asset held for sale – Dry Creek	-	-	-	-	(1,396)	(1,396)
Interest income	-	-	272	272	-	272
Finance costs	-	-	(5,331)	(5,331)	-	(5,331)
Reportable segment profit/(loss) before income tax	**50,371**	**(2,536)**	**(11,786)**	**36,049**	**(4,967)**	**31,082**
Segment assets	399,036	3,153	38,237	440,426	33,804	474,230
Investments accounted for using the equity method	2,323	-	-	2,323	-	2,323
Total segment assets	401,359	3,153	38,237	442,749	33,804	476,553
Segment liabilities	168,653	-	77,681	246,334	385	246,719
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	34,273	-	-	34,273	-	34,273

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 8 – Retained earnings

	2016 $'000	2015 $'000
Retained earnings		
Opening balance at 1 July	**14,536**	4,954
Net profit for the year	**27,606**	21,171
Dividends paid	**(10,774)**	(10,774)
Share based payments reserve transfer	**(99)**	(815)
Closing balance at 30 June	**31,269**	14,536

Note 9 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Carrying Amount	
			2016 %	2015 %	**2016 $'000**	2015 $'000
Associate:						
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Feed production	Australia	**25**	25	**2,339**	2,323
Joint venture entities:						
Ridley Bluewave Pty Ltd [1]	Animal protein production	Australia	**50**	50	**-**	-
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust [2]	Property realisation	Australia	**50**	50	**-**	-
Pen Ngern Feedmill Co [3]	Aquafeed production	Thailand	**49**	-	**1,324**	-
Investments accounted for using the equity method					**3,663**	2,323

1 Ridley Bluewave Pty Ltd is an incorporated joint venture established to produce animal proteins but has not traded to date.

2 The Company and Unit Trust are the corporate structure through which any ultimate development of the Moolap site will 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.

3 On 28 January 2016, the Group acquired a 49% interest in Pen Ngern Feed Mill Co. Ltd. (**PNFM**) for an investment of $1.3 million. PNFM is an entity domiciled in Thailand which owns and operates a dedicated aquafeed manufacturing facility. The 49%, rather than an equal or controlling equity stake, is a reflection of Thai law, which can impose certain restrictions on Thai businesses whose shares owned by non-Thai nationals exceed 49%. The pertinent contracts have been structured however, such that governance and management of the business will be effectively on a 50:50 basis between Ridley and the other party.

Extract of notes to the financial statements
For the year ended 30 June 2016

Note 10 – Events occurring after the balance sheet date

On Monday 8 August 2016, Ridley initiated proceedings to recover an outstanding debt from an individual customer of $17,579,000, of which $5,255,000 was overdue at balance date and $13,626,000 overdue as at the date of this report. A provision for doubtful debts of $1.0m has been raised and included in the determination of the 2016 consolidated Ridley result, and supply to the customer ceased in July 2016.

No other matters or circumstances have arisen since 30 June 2016 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.