RIDLEY

ANNUAL REPORT 2016

HIGH PERFORMANCE ANIMAL NUTRITION SOLUTIONS

CONTENTS

Ridley AgriProducts

As one of the largest domestic consumers of Australian grown cereal grains and a significant employer in farming communities, Ridley is continually providing support to primary producers and rural Australia. The Ridley AgriProducts operation is a pivotal and trusted supplier of high performance nutrition to the major food producers in the dairy, poultry, pig, aquaculture, sheep and beef industries, to the laboratory animals in the research sector, and to the equine and canine markets in the recreational sector.

Ridley's product range includes finished products in bulk or in bags and mostly in pellet form, the exception being a mash offering in certain markets, raw materials, additives and supplements, and animal meals. The Ridley animal meals, which include meat and bone meal, poultry meal, hydrolysed feather meal, blood meal, fish meal and animal fats, are an important and valuable source of protein produced from otherwise surplus raw materials that are subjected to a process called rendering.

With major brands including Barastoc, Rumevite, Cobber and Primo, and with a product range to accommodate starter feed solutions, Ridley has developed a portfolio that provides a first-class lifecycle solution.

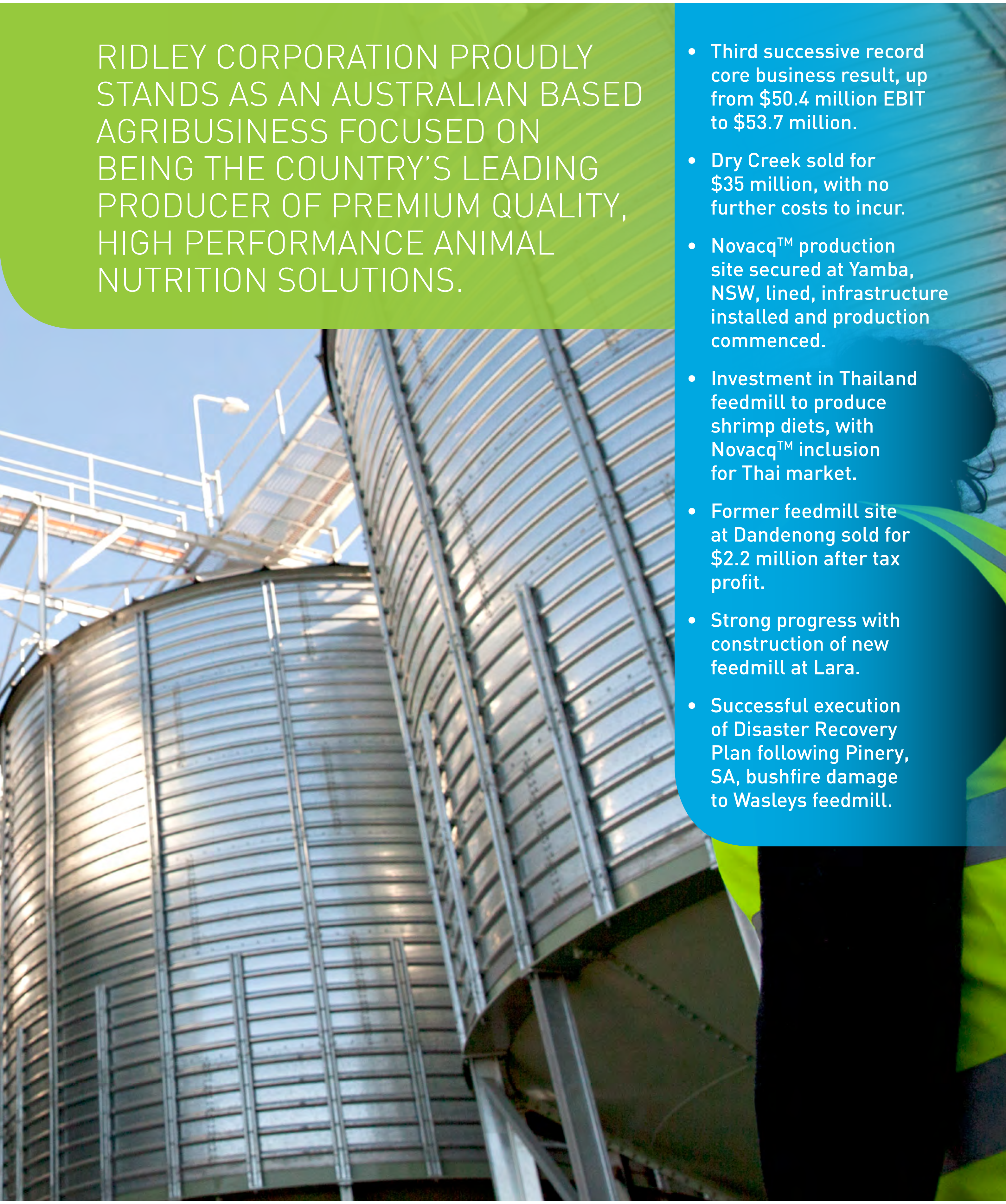
ABN 33 006 708 765

ABOUT THE COMPANY

RIDLEY CORPORATION PROUDLY STANDS AS AN AUSTRALIAN BASED AGRIBUSINESS FOCUSED ON BEING THE COUNTRY'S LEADING PRODUCER OF PREMIUM QUALITY, HIGH PERFORMANCE ANIMAL NUTRITION SOLUTIONS.

2016 FEATURES

- Third successive record core business result, up from $50.4 million EBIT to $53.7 million.
- Dry Creek sold for $35 million, with no further costs to incur.
- Novacq™ production site secured at Yamba, NSW, lined, infrastructure installed and production commenced.
- Investment in Thailand feedmill to produce shrimp diets, with Novacq™ inclusion for Thai market.
- Former feedmill site at Dandenong sold for $2.2 million after tax profit.
- Strong progress with construction of new feedmill at Lara.
- Successful execution of Disaster Recovery Plan following Pinery, SA, bushfire damage to Wasleys feedmill.



FIVE YEAR SUMMARY

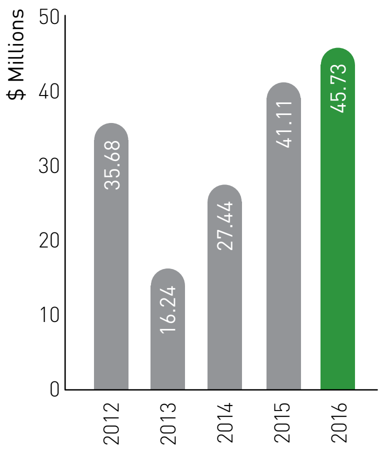
A$'000 unless otherwise stated	2016 Actual	2015 Actual	2014 Actual	2013 Actual	2012 Actual
Operating results					
Revenue	**912,561**	909,850	873,625	783,226	734,695
Other income	**12,121**	4,649	5,972	321	1,674
Earnings before interest, tax, depreciation and amortisation (EBITDA) and discontinued operations (Disc Ops)	**60,723**	51,061	41,012	1,252	50,086
Earnings before interest and tax (EBIT) and Disc Ops	**45,734**	41,108#	27,436	(13,272)	35,682
Net interest expense/finance charge	**5,419**	5,059	5,392	7,737	9,327
Operating profit before tax and Disc Ops	**40,315**	36,049#	22,043	(21,009)	26,355
Tax expense before Disc Ops	**13,112**	10,306#	4,430	(4,423)	7,102
Net profit before Disc Ops	**27,203**	25,743#	17,613	(16,586)	19,253
Profit/(loss) from discontinued operation(s) (net of tax)	**403#**	(4,572)#	-	(5,108)	-
Profit/loss attributable to members	**27,606**	21,171#	17,613	(21,694)	19,253
Financial position					
Ridley shareholders' funds	**247,884**	229,834	219,774	207,553	278,371
Total assets	**484,850**	476,553	423,091	410,626	499,561
Total liabilities	**236,966**	246,719	203,317	203,073	221,190
Net debt	**40,967**	32,702	36,343	17,835	98,151
Market capitalisation	**430,944**	384,771	244,715	230,863	313,973
Enterprise value	**471,911**	417,473	281,058	248,698	412,124
Operating cash flow	**17,612**	47,059	31,349	52,583	50,896
Closing share price (cents)	**140.00**	125.00	79.50	75.00	102.00
Weighted average number of shares on issue – non-diluted (thousands)	**307,817**	307,817	307,817	307,817	307,817
Number of employees (number)	**676**	685	658	649	961
Key profitability ratios					
Return on shareholders' funds (%)*	**11.4%**	9.4%	7.8%	-6.8%	6.9%
Earnings per share (EPS) (cents)*	**8.8**	6.9	5.7	(7.0)	6.3
Total Shareholder Returns (%)	**14.8%**	61.6%	8.0%	-19.1%	-11.0%
EPS growth (%)	**28.5%**	20.2%	181.2%	-212.7%	-34.3%
EBIT growth (%)*	**11.3%**	31.7%	306.7%	-137.2%	-10.7%
Operating cash flow/EBITDA (times)*	**0.29**	0.92	0.76	41.99	1.02
Operating cash flow per share (cents)	**5.72**	15.30	10.20	17.10	16.50
Share price/operating cash flow (times)	**24.5**	8.2	7.8	4.4	6.2
EBIT per employee (A$'000)*	**67.7**	52.8	41.7	(20.5)	37.1
Capital market and structure ratios					
EBITx (market cap EBIT) (times)*	**9.4**	10.6	8.9	-17.4	8.8
EBITDA per share (cents)*	**19.7**	16.6	13.3	0.4	16.3
EBITDA growth (%)*	**19%**	25%	3,175%	-97%	-8%
EBITDAx (market cap/EBITDA) (times)*	**7.1**	7.5	6.0	184.4	6.3
Enterprise value/EBITDA (times)*	**7.8**	8.2	6.9	198.6	8.2
P/E ratio (times)*	**15.8**	18.1	13.9	(10.6)	16.3
Net debt/shareholders' equity (%)	**16.5%**	14.2%	16.5%	8.6%	35.3%
Equity/total assets (%)	**51.1%**	48.2%	51.9%	50.5%	55.7%
Net debt/EBITDA (times)*	**0.67**	0.64	0.90	14.24	1.96
EBIT/net interest (times)*	**8.44**	7.14	5.10	(1.72)	3.83
Net tangible asset backing per share (cents)	**55.7**	49.3	45.2	42.1	75.9
Dividends per share (cents)	**4.00**	3.50	3.50	7.50^	7.50
Dividend payout ratio (%)	**44%**	51%	61%	-^	120%
Percentage franked (%)	**100%**	100%	50%	-^	100%

* Before discontinued operation.

^ Capital return of 7.5 cents per share brought to account in FY13 and paid on 5 July 2013.

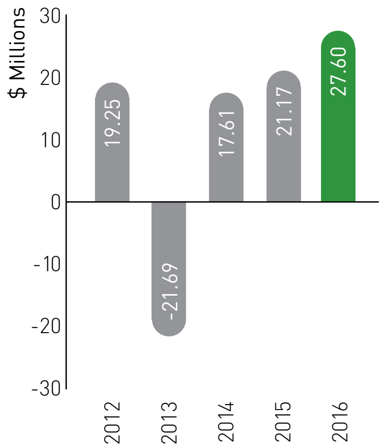
FY16 Dry Creek operations prior to sale and FY15 comparative reflected as discontinued operation.

EBIT from continuing operations*

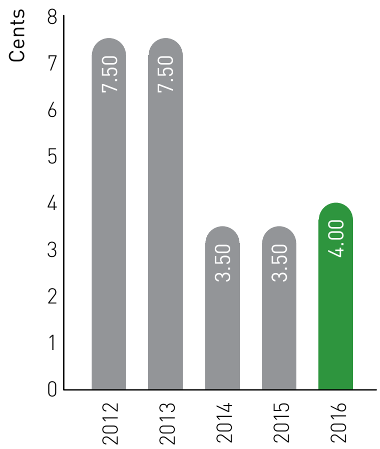


* 2013 before business restructuring.

Consolidated net profit

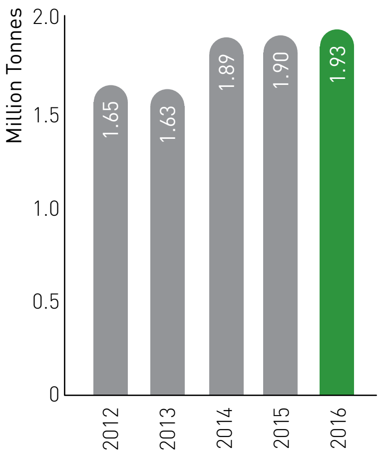


Dividends and distributions per share#

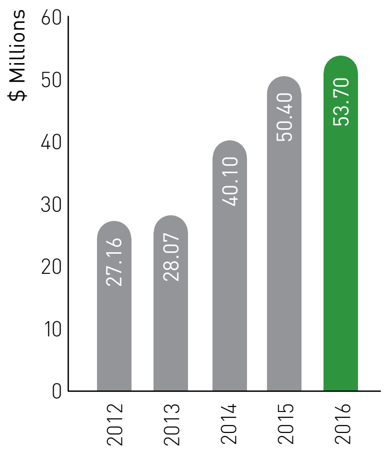


\# 2013 distribution to shareholders by way of 7.50 cents capital return.

Ridley AgriProducts volume



Ridley AgriProducts operating EBIT



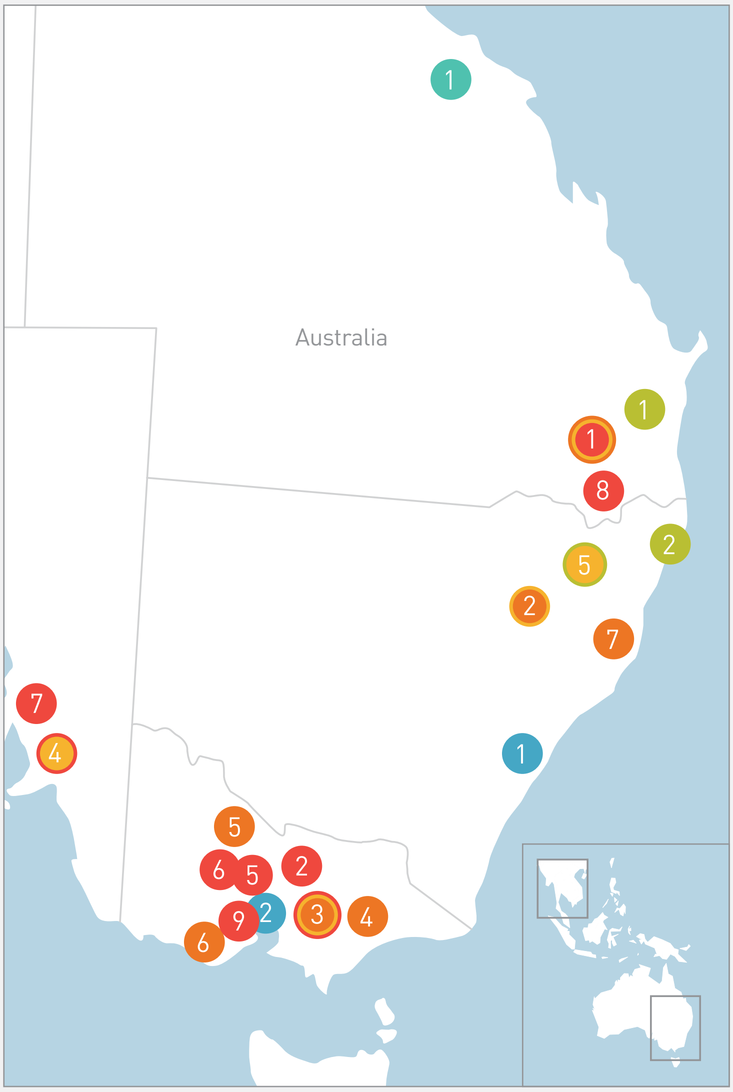

DOCK
DEADLY
COTTON
SEED
MAIZE
MILLER
MUSK
WEED
SNAIL
MEDIC

RIDLEY LOCATIONS AND SECTORS

From field to food

Ridley is a proud partner of Australian agriculture, driving productivity and performance in response to the needs of an ever-growing population and the welfare of our agriculture community.

RIDLEY LOCATIONS AND SECTORS



Business Unit	Structure
Monogastric	Pellet, meals, concentrates and premixes for poultry and pigs
Ruminant	Pellets, meals, blends, concentrates and premixes for dairy cattle, beef cattle and sheep
Packaged Products	Bagged poultry, dairy, dog, horse and lifestyle animal feed
Aquafeeds	Extruded and steam pelleted products for all major fin-fish and prawns, and novel feed ingredients
Supplements	Block and loose lick supplements
Rendering	Rendered poultry, red meat and fish products for the pet food, stock feed and aquaculture sectors

Business Unit

Ridley Assets

	Monogastric	Ruminant	Packaged	Aquafeeds	Supplements	Rendering
1	Toowoomba	Toowoomba	Toowoomba	Narangba	Townsville	Maroota
2	Mooroopna	Tamworth	Tamworth	Yamba – Novacq production site		Laverton
3	Pakenham	Pakenham	Pakenham	Chanthaburi – 49% interest		
4	Murray Bridge	Maffra	Murray Bridge	–		
5	Bendigo	Gunbower	Inverell – 25% interest	Inverell 25% interest		
6	St Arnaud	Terang				
7	Wasleys	Taree				
8	Clifton					
9	Lara – under construction					

CHAIRMAN'S ADDRESS

IN MY FIRST YEAR AS CHAIR, RIDLEY HAS ACHIEVED A NUMBER OF SIGNIFICANT MILESTONES, INCLUDING A THIRD SUCCESSIVE RECORD RESULT FOR OUR CORE BUSINESS.

Dr Gary H Weiss
Chair

A full year AgriProducts result of $53.7 million is an increase of $3.3 million on the prior year and 91% ahead of the 2013 full year result. This is a significant achievement for the business and achieved only through the collective and concerted efforts of all Ridley employees, through the loyalty and success of its customers and the quality of its suppliers. The Managing Director's review will cover the operating performance and outlook, so I will reflect on some of the other highlights of another successful year.

A major milestone for the year was the sale of Ridley Dry Creek Pty Ltd, being the entity holding the entire former salt field at Dry Creek in South Australia. Since June 2013, when the sole customer for the site Penrice appointed an administrator and terminated its salt requirements, the annualised spend just to maintain this extensive site has been in excess of $3 million. Since impairing the site in the 2013 year down to an estimated discounted realisable value of $33.5 million, Ridley has been progressively and concurrently working through one process to close the site and another to position the site for sale.

During the 2016 financial year (FY16), the sale of Dry Creek was executed and completed for a gross consideration of $35 million, generating $19 million of cash proceeds in the year, with a further $16 million receivable in three tranches up to 31 December 2017 and secured by appropriate documents of securitisation.

The site of the former feedmill at Dandenong was also sold during the year for $3 million cash proceeds and a net profit of $2.2 million.

During the year, the Group's banking facilities were rolled over, extended and improved to take advantage of the favourable lending environment and secure the funding to accommodate a number of significant capital projects currently under review.

While we believe there is still the capacity for further growth within the existing asset base, we are keen to reach agreement on supply and logistics arrangements which will generate the commercial returns required to secure approval from the Ridley Board to proceed with a number of new feedmill projects.

Construction of the new feedmill to service the pig and poultry industries in the greater Geelong region commenced during the year and is proceeding as planned towards a commissioning date early in the third quarter of the 2017 financial year (FY17).

During the year we have made major strides in the operational R&D program for Novacq™, having secured a long term lease on a site at Yamba, NSW capable of meeting the Novacq™ production requirements for the domestic prawn industry. We have also, for a modest outlay of AUD$1.1 million, acquired a 49% interest in a state-of-the-art feedmill in Chanthaburi, one of the larger regions in Thailand for growing prawns, or shrimp as they are knownin Asia.

Having also secured the exclusive Novacq™ production and selling rights for Thailand from CSIRO during the year, we are working to secure the licence to import Novacq™ produced at Yamba into Thailand and include this novel ingredient in a new range of diets to be manufactured by our Chanthaburi feedmill and trialled in local ponds.

If Novacq™ performs well in the Chanthaburi trials, and assuming we continue to take positive steps down the commercialisation path at Yamba, then our medium term strategy for Thailand is to secure and construct the facilities to produce Novacq™ locally in the Chanthaburi region.

If we can establish the efficacy of this novel ingredient in local pond trials using feed produced at the Chanthaburi feedmill, we intend to launch a new range of Novacq™ inclusive Ridley prawn diets in the Thai market. The outcomes of our operational R&D work being conducted at Yamba and the Thailand trials will strongly influence our long term strategy with regard to the other territories covered under our exclusive licence agreement with CSIRO.

In respect of our remaining surplus property assets at Lara and Moolap, Ridley and our development partner Sanctuary Living submitted our latest concept plan to the Victorian State Government to assist with its strategic land use assessment of the Corio Bay peninsula area. The draft report of the review was published as a Discussion Paper in June 2016, outlining seven different concepts for the region, none of which featured the Ridley/Sanctuary Living concept plan.

Ridley has made available to the Victorian State Government the body of geotechnical and environmental data compiled over a number of years at Moolap which not only supports the Ridley/Sanctuary Living concept plan, but also highlights the low lying nature of the land at Moolap, much of which remains under water and which is need of a cost-effective solution. Once the final outcome of the Government's review is published, we will reassess and amend our strategy and concept plan for what we perceive to be in the best interests of our shareholders.

$3.3m

INCREASE IN ONE YEAR

The full year AgriProducts result of $53.7 million in 2016 is 91% ahead of the 2013 result.

Board

On 31 March 2016, Professor Andrew Vizard resigned from the Board after over 15 years of service to Ridley. On behalf of the Board, management, employees and shareholders, I sincerely thank Andrew for his contribution in getting us to the positive and exciting stage of our evolution that we find ourselves in at the present time.

Having been alerted to Andrew's future intentions, an extensive search was conducted to find a suitable replacement, and on 29 April 2016, we were delighted to announce the appointment of David Lord to the Ridley Board. David has had a distinguished career in Australian agriculture, most recently as President and Chief Operating Officer of Saputo Dairy Division (Australia) and as CEO and Managing Director of Warrnambool Cheese & Butter Factory Company Limited from 2010 to 2014. David has a strong track record in delivery of financial performance improvement and implementation of restructuring programs and we welcome him to the Ridley Board.

"During the 2016 financial year (FY16), the sale of Dry Creek was executed and completed for a gross consideration of $35 million, generating $19 million of cash proceeds in the year, with a further $16 million receivable in three tranches up to 31 December 2017 and secured by appropriate documents of securitisation."

Outlook

The Managing Director's review provides more details on the outlook for Ridley. For my part, I wish only to add that all of us at Ridley are excited about the prospects for Novacq™ in terms of being a potential game changer for the prawn industry and potentially in other applications – albeit that we are still in the operational R&D phase of the initial project. With the low-cost entry into the world's second largest prawn market through our investment and relationships in Thailand, we believe we have an opportunity to create significant value and a new and low-risk offshore earnings stream for our shareholders into the future.

Dr Gary H Weiss
Chair

MANAGING DIRECTOR'S REVIEW

I AM DELIGHTED TO BE ABLE TO REPORT A THIRD SUCCESSIVE YEAR OF RECORD EARNINGS. THE RIDLEY AGRIBUSINESS EARNINGS BEFORE INTEREST AND TAX (EBIT) OF $53.7 MILLION IS THE HIGHEST ON RECORD, BEATING LAST YEAR'S RESULT OF $50.4 MILLION BY $3.3 MILLION, OR 6%.

Tim Hart
Managing Director and Chief Executive Officer

This result has been achieved from continued performance improvements across the business, and in a year where salmon feed volumes were significantly disrupted mid-year due to unseasonally warm water temperatures around the Tasmanian coast and where animal protein meal prices were dragged lower by falls in vegetable protein meal prices prior to a recovery late in the year.

Despite the dairy sector being challenged by a fourth quarter reduction in prices paid by the major milk processors, we have generated a third strong year of earnings after the lows experienced in 2013. The Monogastric business continues to provide the cornerstone volume of the business required to absorb the Group overhead. The margin and brand management strategy has again delivered earnings growth and more than offset volume decline in packaged products. The supplements lick block business enjoyed a positive year, bolstered by a strong dry season in the first half year and improvements in plant reliability throughout the year.

Safety

Our number one focus at Ridley is the safety of all persons associated with Ridley, whether employees, contractors, suppliers, customers, service providers or simply visitors to Ridley sites. From the Board to the factory floor, we are committed to continually improve our safety performance and strive to make sure that all tasks performed in the operation of our business are conducted in a safe and respectful manner.

Zero injuries in the workplace is our long term goal. To achieve this, we need to embed a culture where hazards are identified and rectified prior to them causing any harm or damage. We encourage reporting of all hazards and dangerous circumstances which could lead to an accident or injury, referred to as near-misses, and we endeavour to implement actions to remove the hazards not only at that site, but also at all other Ridley sites capable of generating a similar scenario. Near-miss reporting is one of our lead indicators and a barometer for the continuous cultural improvement that we are seeking as we continue our journey towards our zero injury target.

The Long Term Injury Frequency Rate, or LTIFR, measured as the number of injuries incurring lost time for every million hours worked, was 2.20 for FY16, a further reduction from the 2.26 recorded for FY15, and the 3.29 and 3.65 recorded in the two prior years. The Total Recordable Frequency Rate, or TRFR, represents our total injury rate, and at 9.52 for FY16, represents an increase from the 6.79 recorded for FY15 but is consistent with the longer term downward trend.

We are committed to making further progress on our journey on safety and in developing a culture where safety considerations are paramount and override all other behaviour.

Core business operating performance for the 2016 financial year

The core business record performance of $53.7 million of EBIT for FY16 comprises a strong across the board performance in all sectors, with Ridley's smallest operation, Supplements, providing the strongest percentage improvement on last year's performance.

With revenue not being a meaningful indicator of performance due to the pass-through nature of many of the raw material ingredients, our internal focus is on margin and volume. With FY16 volume relatively

"Despite the dairy sector being challenged by a fourth quarter reduction in prices paid by the major milk processors, we have generated a third strong year of earnings after the lows experienced in 2013."

2.20

LOST TIME INJURY FREQUENCY RATE

Down from 2.26 in FY15 and 3.29 in FY14.

flat at 1.93 million tonnes of stockfeed and rendered product sold, compared to the prior year's 1.90 million tonnes, the operating improvements were achieved through all facets of margin management. The underlying determinants of the operating result are explained within the following summary by sector.

(i) Dairy, beef and sheep

The Dairy sector had another positive year, with improved margins recorded on stable annualised volume. Milk price downgrade announcements in the fourth quarter affected and continue to influence farmer sentiment and herd management strategies, with a number of farms drying off their herds earlier than planned. The focus for our Ruminant team is to support our customer base and drive the value proposition by manufacturing feeding solutions to optimise the farmers' margin over their feed cost.

During the year, the lack of pasture in many dairy regions necessitated the purchase of large quantities of forage. After dry conditions in most of the Victorian dairy regions through the autumn, recent winter rainfall has generated a good base for pasture which, subject to the adoption of a controlled grazing program, should significantly reduce the dairy farmers' outlay on forage in the year ahead. From a farmer's cash flow perspective, this should partly compensate for the reduction in milk price received.

The new storage and blending facility at the Terang Ruminant mill in western Victoria had a successful first full year of operation, and provides a range of both partial and total mixed ration products designed to improve herd performance through the supply of specialist heifer feeds and dry/milking cow feeds. The tailoring of the ration to the specific demands of the dairy farm is a critical part of the value proposition.

Following the success of last year's inaugural Farmer Forum for farmers in the western districts of Victoria, the forum was successfully extended to the Gippsland region. The Farmer Forum has now become an annual event in both regions where industry participants can exchange ideas and be updated on the latest technologies and advances in nutrition, equipment, pasture and herd management. A Farmer Forum for northern Victoria is targeted for the coming year.

NEW LARA FEED MILL

New grain and meal silos.

Capping for the mill tower.

Product development activity during the year included a number of feed additive studies conducted in northern and western Victoria to examine influences on energy supply and nitrogen utilisation, and performance studies to evaluate opportunities to supply maintenance cubes for live export cattle. The roll-out of the Ridley inventory management system (IMS), which provides a real-time feedstock inventory position to the farmer and the Ridley feed mill to assist with automatic reordering, working capital management and mill production planning, continued throughout the year.

Sales of supplementary feed for beef and sheep is generally driven by the availability of forage, and FY16 can be regarded as a typical year, with no extremes in regional weather patterns to significantly influence demand one way or the other.

(ii) Poultry and Pig

The compounding 2% to 3% increase in domestic demand for poultry products shows no signs of abatement, with the health benefits of a lean, white meat and low-cost protein source combining with population growth for a positive outlook.

Ridley's broiler volumes were slightly up for the year and our Ridley-formulated diets continue to achieve continuous improvement in conversion to meat mass, as reflected in record low feed conversion rates.

We remain optimistic but patient on converting a number of new feedmill prospects into the same kind of project that is being managed at Lara, just north east of Geelong. Construction for this new poultry and pig feedmill to service the Geelong and neighbouring livestock production regions is on target for a mid-year commissioning in FY17. With customer scorecards containing key

Ridley performance data, we are looking to stay close and accountable to our customers, and to understand their strategies with regard to bird number expansions and locations, both of which have a direct influence on our capital expenditure programs.

Pig sector volume increased as the prior year investment in technical experts and resources in this sector started to deliver the anticipated returns. The Pig industry is flourishing after a period where pork products were considered to be relatively unhealthy compared to other sources of animal protein, and there is significant industry investment in progress to increase sow numbers. With the technical support in place, we continue to aggressively market ourselves in this space and have a positive outlook for this sector.

The poultry layer sector (as opposed to broilers which are reared for their meat) has continued its resurgence, and eggs remain in strong demand with supply struggling to keep up. A lot of work is going into the customer value proposition for layers to provide the most cost-effective and flexible lifecycle nutrition solutions.

(iii) Aqua-Feed

The overall Aqua-Feed performance for the year remained strong, although it was adversely affected by the higher than usual warm water currents experienced last summer in the salmon growing areas of southern Tasmania. Salmon appetites are abruptly curtailed whenever there is a sudden rise (or fall) in water temperature as occurred when the Eastern Australian Current extended beyond its traditional waters in January 2016. Although there is a slight catch-up in salmon appetites when water temperatures and appetites return to normal, salmon feed production was suspended for several weeks and sales volumes for the year were below the highs recorded last year.

The prawn, barramundi and kingfish components of the business performed well, despite some brood stock issues being experienced in a number of prawn farms which delayed the start of the domestic prawn season.

The industry outlook is for continuing growth in domestic salmon consumption and investment in biomass by the domestic salmon producers, which will deliver further growth in industry stockfeed requirements in the years ahead. To be the leading feed provider in a sector which is a major part of the Aqua-Feed business, Ridley is continually looking to improve the performance of its diets for Tasmanian and New Zealand salmon, and is currently evaluating the most appropriate investment of capital to consistently produce the high-energy diets increasingly demanded by the industry. The outlook for the prawn industry is positive, and is covered in more detail in the Novacq™ section of my report.

"The industry outlook is for continuing growth in domestic salmon consumption and investment in biomass by the domestic salmon producers, which will deliver further growth in industry stockfeed requirements in the years ahead."

(iv) Proteins

Last year, Ridley's Rendering operations enjoyed increases in the volume of raw material to render at each of our sites, which more than offset a decline in traded volumes of poultry meal at Maroota. This year has seen the reverse, namely a reduction in raw material intake for processing, which mirrored the fall in slaughter rates as herds rebuild following a period of dry conditions and high livestock prices which combined to encourage farmers to realise their investment in livestock. The reduction in intake volumes was offset by an increase in traded volumes required to satisfy longstanding customer requirements.

During the year a number of profit improvement projects were completed, including improved waste processing via a three-phase decanter, the installation of three new boilers at Laverton and plant improvements geared to improving product consistency and allowing the manufacture of more customised products. Further initiatives to improve product positioning will be implemented in the coming year.

Offsetting the above operating improvements has been the large soy crops and stock levels in the United States and South America, which have led to a fall in world prices for vegetable protein meal. This in turn dragged down the price for animal protein meals given the ability to substitute one for the other in a number of applications, including many petfood diets. Recoveries in the world soybean price late in FY16 and shortages in meat and bone meal are starting to flow through to higher meat meal prices in FY17.

The facility at Cherry Lane, near to the Laverton Rendering site, has been fully operational throughout the year in delivering custom products and product consistency, and a lease has been secured on the adjacent storage facility to add capacity to this facility. The segregation of meals by protein and ash content facilitates a more precise and higher product specification and associated pricing premium.

(v) Packaged Products

The focus on margin management has continued for the Packaged Products business unit, with a third successive year of earnings growth achieved. Focus has been maintained on the store presence and animal welfare benefits for our champion products and on a comprehensive review of product packaging and the promotion strategy. Our challenge now is to maintain the margin improvement of the last three years whilst recovering some of the volume sacrificed over this period as we have realigned and repositioned our product range.

(vi) Supplements

A significant uplift in Supplements earnings was achieved through a combination of plant performance improvements at Townsville and a return to a more traditional dry season in northern Australia. Consequently, the plant was able to service the increased demand for the dry season and molasses blocks required to maintain herd health in the absence of pasture prior to the onset of the rainy season in the second half year. Sales of Rumevite Magnesium Capsules, which boost the levels of magnesium in the bloodstream and thereby reduce the likelihood of fatalities through grass tetany, continue to grow and add to the bottom line return for this business unit.

Investment in Thailand feedmill

On 29 January 2016, Ridley announced the execution of formal agreements to acquire a joint venture interest in Pen Ngern Feed Mill Co (PNFM), an entity domiciled in Thailand which owns and operates a dedicated aqua-feed manufacturing facility, for an investment of A$1.3 million.

PNFM was established by Mr Prayoon Hongrath, a Thai national. For the last 30 years, Mr Hongrath has (separately) owned and successfully run a major 224-hectare prawn farm, adjacent to PNFM's feedmill, trading as 'Sureerath Prawns' and constituting one of Thailand's largest prawn farms. The feedmill is located in Thailand's prime prawn-growing Chanthaburi region and is relatively new, having been constructed in 2012 and commenced manufacture of feed in early 2013.

The PNFM feedmill's primary purpose was to make feed for the adjacent and related Sureerath Prawn Farm (SPF), with a view to simultaneously building a market for third party feed sales. The mill has an existing capacity of 30,000 tonnes per annum with infrastructure in place to expand to 55,000 tonnes per annum for a relatively low capital outlay.

Thailand is traditionally the world's second largest producer of prawns (also called shrimp globally), with an estimated prawn feed market capacity of 800,000 tonnes per annum, noting that this is currently depressed due to the impact of Early Mortality Syndrome, a serious disease which caused a significant loss of Thailand prawn biomass in recent years. For comparative purposes, the Thailand prawn feed market is approximately 100 times larger than the Australian market.

Ridley's joint venture partnership in PNFM is Ridley's first significant offshore venture in aquaculture, and the feedmill represents a highly attractive proposition in its own right. Although Ridley's investment of $1.3 million is for a 49% equity stake, governance and management of the business will be effectively on a 50:50 basis between Ridley and the Hongrath family by way of the operating agreement. The investment is effectively secured by the value of the feedmilling assets, and can thus be considered as a low-risk, low-cost entry into Thailand, especially when compared with Australian construction and operating costs/standards.

In addition to the feedmill operation, Ridley's joint venture partnership also represents a critical step in Ridley's wider strategy to develop and commercialise Novacq™ as a novel feed ingredient. Ridley's involvement with PNFM and SPF will provide it with an unrivalled opportunity to learn about the Thai prawn feed industry and market, and also to test customer acceptance and performance of Novacq™ in a real commercial environment.

Located in the heart of a major prawn producing region, the region neighbouring the feedmill is an ideal location for the production of Novacq™, and we are looking to secure an appropriate long term facility accordingly.

Commercialisation of Novacq™

Strong progress in the operational R&D phase of the project has been made during the year towards the commercialisation of Ridley's investment in Novacq™. Novacq™ is a prawn feed additive which has the capability of transforming the prawn feed industry through the substantial acceleration of growth rates, improvement in feed conversion rates, and enhancement of animal wellbeing and survival rates through an increased resistance to viral and bacterial attacks.

On 22 January 2016, Ridley announced the leasing by Ridley of 7.5 hectares comprising seven fallow prawn production ponds adjacent to the Tru-Blu Prawn farm in Yamba, NSW for a period of up to 10 years for the domestic production of the prawn feed ingredient Novacq™, with a right of first refusal for Ridley to acquire the leased area.

Traditional prawn production ponds and infrastructure are well suited to be reconfigured by Ridley to produce and harvest the Novacq™ raw material in the large quantities required to effectively service the anticipated domestic demand for this novel and ground-breaking feed ingredient.

"Ridley's joint venture partnership in PNFM is Ridley's first significant offshore venture in aquaculture, and the feedmill represents a highly attractive proposition in its own right."

Prawn ponds at Yamba, NSW have been excavated, fully lined, irrigated, fenced and filled from the nearby Clarence river.

Typical Novacq™ production pond tailored to provide optimum growing conditions.

Water flow is circulated via customised sets of equipment, providing water flow and aeration.

New silos erected and bunding provided for raw material storage.

Stage 1 production at Yamba will supply the Ridley Aqua-Feed plant at Narangba, near Brisbane, with sufficient quantities of Novacq™ to commence servicing domestic prawn demand and to undertake overseas trials with appropriate inclusion rates in prawn feed diets. Stage 2 for the project will be to replicate the Stage 1 reconfiguration for the remaining four ponds to increase and optimise the production capacity of the Yamba site.

Having already made excellent progress at Yamba in demonstrating the ability to produce and harvest Novacq™ as a value-adding offering to domestic prawn farmers, we are now looking to take this expertise offshore to Thailand, the exclusive Novacq™ licence for which territory was executed during the year with CSIRO.

Upon receipt of the relevant importation licence, Yamba-produced Novacq™ will be shipped to Thailand for inclusion in diets for trials to be conducted in conjunction with our Thai partner and feedmill co-owner.

The pictures and captions above highlight the Novacq™ activities being conducted at Yamba.

The pictures and captions on the following page are from the feedmill in Chanthaburi, Thailand.

Property realisation

With the divestment of Dry Creek during the financial year, we have banked $19 million of cash and from 31 March 2016, terminated all costs associated with the maintenance of the Dry Creek site. These costs have been upwards of $3 million per annum since the site's closure of operations as a salt field.

The cost of our 50% share of the joint venture to progress the Nelson Cove development through the approvals process was reduced and the site reverted to a holding pattern pending the release of the Victorian State Government's report on its strategic review of the Corio Bay peninsula. We believe that a scaled down version of our Nelson Cove development project as submitted to the Government is congruous with the 'Tourism in Moolap' scenario outlined in the Government's 'Moolap coastal strategic framework plan Discussion Paper July 2016' except that the surrounding area remains subject to sea level rise and inundation.

We believe that our current concept plan provides the most comprehensive and only privately funded solution for the region and we will continue to substantiate our position supported by the data compiled over several years of planning and preparation.

In the event our concept plan gains no traction with the State Government, we will be compelled to back the selection of the 'Tourism in Moolap' scenario for the peninsula and will work with the relevant Government bodies to ascertain the actions required to secure the appropriate development approvals for our freehold land. At an appropriate time, we will endeavour to re-engage with the Government on the market-led proposal to facilitate the land swap required to establish the dedicated migratory bird sanctuary at Lara which is a key feature of the full version of the Nelson Cove concept plan.

During the year it was pleasing to complete the sale agreement for the Dandenong site which generated gross cash proceeds of $3 million and a post-tax profit in the year of $2.2 million.


Pen Ngern feedmill in Chanthaburi Thailand.

"Upon receipt of the relevant importation licence, Yamba-produced Novacq™ will be shipped to Thailand for inclusion in diets for trials to be conducted in conjunction with our Thai partner and feedmill co-owner."


View of local prawn farms extending to the ocean with the Pen Ngern feedmill visible in the distance (top left quadrant identifiable by the feedmill tower).


Staff accommodation block and boiler house on the right-hand side and feedmill on the left-hand side.


Administration and training block.


On-site warehouse.

Having made such strong progress with regard to the realisation of surplus land, and with the Nelson Cove project suitably partnered, a decision was made to release the internal Ridley Property Development group by the start of FY17. I wish to formally acknowledge the efforts and successes of our Property Development Manager Stephen Butler and Land Management Consultant Nick Withers in achieving the property realisation outcomes for Ridley shareholders.

External relations

Ridley continues to actively support the Australian Food and Grocery Council (AFGC) Agribusiness Forum, and I am delighted to have been re-elected as Chair of the AFGC for another two years. The AFGC has provided valuable support on key industry and Government relations issues throughout the year. Ridley also continues to collaborate with the National Farmers' Federation (NFF) and important sector specific associations such as the Australian Renderers Association (ARA) and the Stockfeed Manufacturers Council of Australia (SFMCA) among others, to advocate key policy issues in support of Ridley, our customers, suppliers and communities.

In support of our Aqua-Feed customers, Ridley submitted a response to the Productivity Commission enquiry on

Marine fisheries and aquaculture. Ridley has also responded to the Senate Select Committee report on the Murray Darling Basin Plan in support of our customers affected by the impacts of that plan.

Support for the removal of non-tariff barriers to trade was a key focus in FY16 as we continue to seek to maximise our overseas trade opportunities, particularly for our Rendering and Aqua-Feed businesses. We expect to continue this support in FY17. Other areas of industry and Government engagement in FY16 included support for favourable commercial application of the Free Trade Agreements with South Korea, Japan and China, as well as ongoing negotiations for the Trans Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP), among others.

Our people and communities

We have continued our people focus on ensuring we have the right people with the right skill sets to execute our strategic plans and deliver a sustainable and compelling customer value proposition.

At the senior executive level, I have restructured the lead team during the year by appointing Michael Murphy to an expanded role encompassing Safety, People and Technical Development, and by backfilling the Strategy and Business Development role with Anton Feely, previously a senior executive within KPMG's Transaction Services division.

Our prior year investments in technical appointments for the Aqua-Feed and Pig business sectors are starting to deliver the desired outcomes, with an increased on-site presence and expertise acknowledged by existing and target customers alike.

A comprehensive training program and remuneration policies more closely aligned to the market are attracting personnel of the highest calibre and capable of delivering compelling customer value propositions for their respective business units.

Unfortunately regional communities are hit pretty hard by chronic health issues. I think everyone knows someone who has been touched by a disease such as cancer or diabetes, or who cares for an elderly family or community member. For Ridley, it is important that the community has a better understanding of the disease, treatments and progress in medical research. This is why we support organisations such as Aussie Helpers, the Garvan Institute, and the Healthy Families, Healthy Communities Education and Awareness Program jointly developed between Ridley and Garvan.

More details of each of these initiatives, and of our community influence and sustainability programs, are provided in the Our People section of this 2016 Annual Report.

Outlook

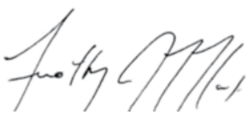
For FY16 we have recorded a core business result of $53.7 million, up 91% from the $28.1 million recorded for FY13. This uplift has been the result of a concerted effort across the entire business, with every sector, support service and business enabler making a positive contribution to this improvement. We have navigated some headwinds in FY16 in the Aqua-Feed and Rendering sectors, however one of the strengths of our business is its diversification of risk and lack of reliance on any single sector or customer.

Our Poultry sector delivers a strong base earnings platform year after year, and will start to benefit from the commissioning of the new poultry and pig feedmill at Lara, Geelong in mid-FY17. Broiler and layer poultry volume has topped one million tonnes in each of the last three years and we are looking to secure additional volumes in the coming year over and above the 2–3% industry growth rate.

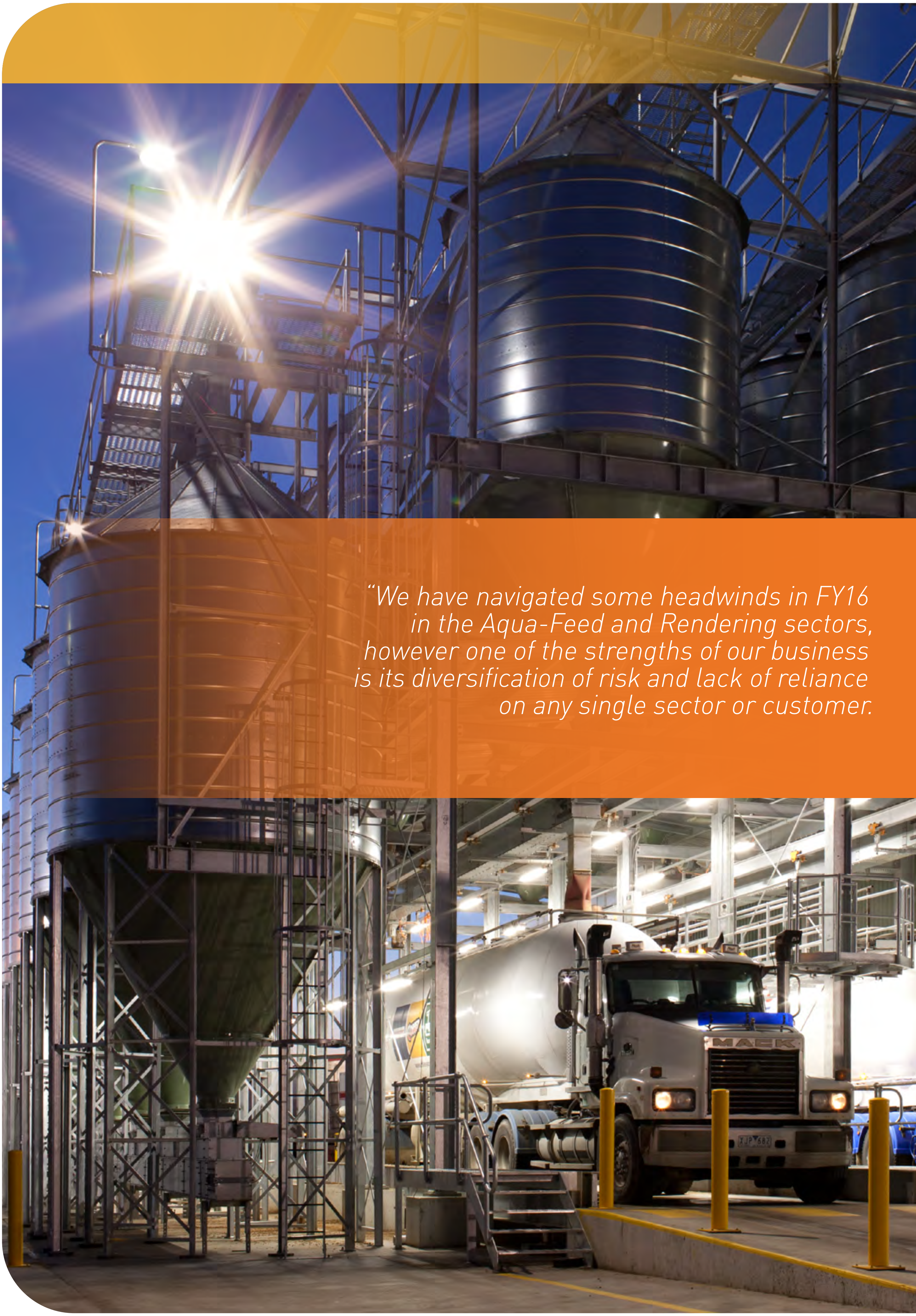
We are investing in, and working hard to improve, the production and harvesting processes and techniques at our new Novacq™ production facility at Yamba. Novacq™ is already being produced at the site for inclusion in domestic diets and we expect that soon we will be able to import Yamba-produced Novacq™ into Thailand for inclusion in local diets produced at the Chanthaburi feedmill. Local production of Novacq™ at Chanthaburi to service the local prawn feed market is a primary objective for the year ahead, and we are actively looking to secure the appropriate local production capability.

In addition to Novacq™ and organic growth, we continue to develop plans and financial modelling analyses, and to identify potential sites, for the modernisation of our feedmills in a number of key regions. The rollover and extension of our banking facilities during the year, coupled with the experience within our internal Operations group, provide the capacity to undertake multiple mill construction projects.

In addition to continuing our discussions to secure the requisite commitments for a number of potential new feedmill projects, we will continue to actively pursue any acquisition opportunities that may arise which are consistent with our long term strategy for Ridley to be Australia's leading producer of premium quality, high performance animal nutrition solutions.



Tim Hart
Managing Director and
Chief Executive Officer



"We have navigated some headwinds in FY16 in the Aqua-Feed and Rendering sectors, however one of the strengths of our business is its diversification of risk and lack of reliance on any single sector or customer.

FINANCIAL REVIEW

RIDLEY CORPORATION LIMITED HAS REPORTED PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX FOR THE YEAR OF $40.3 MILLION, AN INCREASE OF $4.3 MILLION ON THE $36.0 MILLION PRIOR YEAR EQUIVALENT.

Alan Boyd
Chief Financial Officer and Company Secretary

Operating result

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

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

The divestment of Dry Creek has been reflected as a discontinued operation for the year (note 10), comprising a pre-tax operating loss prior to divestment of ($4.0 million) offset by a pre-tax profit on disposal of $6.6 million. After allowing for tax payable on the disposal of ($4.9 million) after utilisation of all brought forward capital losses and a tax benefit on operating losses of $2.7 million, a net after tax profit on the discontinued operation of $0.4 million 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 $2.2 million, the capital gain on which was absorbed through the utilisation of brought forward tax losses.

$1.4 million 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 damaged 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 $5.4 million 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 $12.6 million excludes $2.2 million of tax payable on the Dry Creek discontinued operation and excludes $0.5 million of tax relating to other non-recurring items.

Results

Table 1 in $'000	2016	2015
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

$2.2m

PRE-TAX PROFIT (NON-RECURRING)

From sale of former feedmill site at Dandenong.

"Ridley AgriProducts recorded an EBIT of $53.7 million, a third successive record and $3.3 million (6%) up on the prior year's record of $50.4 million."

Profit and loss

Table 2 in $ million	2016	2015	Movement
Earnings from operations before finance income and expense and tax expense (EBIT):			
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**	8.4	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 $912.6 million was up $5.0 million (0.5%) on last year's $907.6 million, and reflects 1.94 million (2015: 1.90 million) tonnes of stockfeed and rendered product sold. Consolidated gross profit from continuing operations was $80.2 million, $2.6 million (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 $8.9 million, increasing by $0.7 million (7.9%) and accommodating a restructure of the executive lead team.

The property costs other than Dry Creek of $2.0 million are $0.7 million 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 12 months:

(i) The $33.5 million prior period Dry Creek current asset held for sale has been sold during the year, with $19 million of proceeds received and a further $16 million yet to be received after the balance date, of which $10 million ($9.8 million net present value) is due within 12 months and the final $6 million ($5.5 million net present value) by no later than 31 December 2017.

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

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

(iv) An increase in inventory ($6.0 million) and decrease in Payables ($12.8 million) 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 $20.7 million increase in property, plant and equipment, which reflects $12.2 million 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 $19.3 million, a decrease of $25.9 million from the prior year of which $19.6 million represents a temporary increase in working capital.

Cash flow

Table 3 in $ million

Cash flows for the year	Year ended 30 June 2016	30 June 2015
EBIT from operations after transaction costs and before discontinued operation and non-recurring costs	**42.1**	38.8
Net cash flow from discontinued operation and 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.

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

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

The investment in the Thailand joint venture was acquired for an outlay of $1.3 million and payments for intangible assets of $0.7 million 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 $14.0 million were made during the year compared to $6.6 million in the prior year.

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

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 wellbeing or feed conversion ratios in poultry and aqua-feed.
- **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.

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%

Dividend

Ridley 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 Board of 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.

Alan Boyd
Chief Financial Officer and
Company Secretary

PROPERTY DEVELOPMENT

RIDLEY HAS HAD A SUCCESSFUL YEAR IN REALISING SHAREHOLDER VALUE FROM ITS SURPLUS LANDHOLDINGS.

Stephan Butler
Property Development Manager

Property

Ridley has had a successful year in realising shareholder value from its surplus landholdings. The implementation of this long term strategy began several years ago with the appointment of a dedicated internal property realisation team and the establishment of an appropriate corporate structure to hold, manage and elicit the most beneficial outcomes for the significant land bank that comprised the former salt field assets at Dry Creek in South Australia, Moolap and Lara in Victoria, and Bowen in Queensland, and a number of former sites and feedmills across the eastern states.

By the conclusion of the 2016 financial year, Ridley has successfully divested the majority of surplus assets through the execution of sales transactions for the Corio, Bowen, Dandenong, Cohuna, Dalby and Dry Creek sites. The cash value of these transactions in aggregate totals approximately $45 million, of which $16 million is receivable from the Dry Creek divestment in tranches up to 31 December 2017. In addition to generating cash proceeds, the divestments have also removed significant costs and liabilities from the business which were necessarily incurred in managing, maintaining, and in certain circumstances rehabilitating, the sites.

For the properties remaining as at 30 June 2016, Ridley has a suite of corporate agreements with developer Sanctuary Living to generate shareholder value from the former salt field site at Moolap, now referred to under its development project name of Nelson Cove. Ridley is also confident that as time passes, its strategic landholdings at Lara in Victoria will increase in value and generate a significant value uplift for Ridley shareholders.

Dry Creek

The closure and divestment of the former Dry Creek salt fields near Adelaide in South Australia has been a considerable journey since Penrice closed its Osborne Plant and ceased taking salt from Dry Creek in June 2013. From the time of Penrice's restructure announcement, Ridley has been exploring and developing a range of commercial options for the site. After an extensive investigation, Ridley concluded that there was no commercially feasible option for continuing any salt production from the salt fields, and that the only practical solution was to permanently close the site and position it for sale.

The immediate challenge in site closure was to ensure that Ridley could meet the stringent and complex compliance and environmental standards associated with closing and maintaining the site, whilst concurrently exploring ways to achieve the best possible commercial outcomes to maximise shareholder value.

Ridley worked closely with the South Australian Government with regard to the site closure process, and in doing so was able to achieve regulatory and environmental compliance and ensure that the sensitive environment within and surrounding the salt fields was protected. A Plan for Environment Protection and Rehabilitation (PEPR) was developed in compliance with the myriad of regulatory requirements and ultimately finalised with the South Australian Government. Having established the appropriate environmental and compliance frameworks, Ridley began working on a divestment strategy for the site.

Ridley seized an early opportunity to divest some low-value land around Dublin and Lower Light that had originally been held for potential salt production expansion north of the salt fields. A sale was effected through three separate transactions, grossing $2.2 million of both proceeds and profit in 2014 given the negligible cost base attributed to this land.

Following the abovementioned sales, Ridley held a multi-phased Expression of Interest (EOI) process to seek out offers or proposals for the remainder of the Dry Creek site, with the view that divestment of the site would be preferential to undertaking a costly and high-risk closure process. The first phase of the EOI process generated more than 20 proposals for a range of land uses and proposals, and generated a level of confidence that a commercial outcome could be achieved through further development of the proposals in a second phase 'Calls for Commercial Proposals' (CCP) process. The CCP process focused on developing a shortlist of proposals into a binding commercial agreement.

The CCP strategy proved to be effective, and in November 2015, Ridley announced the sale of 100% of the shares in Ridley Dry Creek Pty Ltd for a cash consideration of $35 million, $19 million of which was received by completion with the $16 million balance receivable in tranches up to 31 December 2017. The balance outstanding is secured by a first ranking security over the shares in Ridley Dry Creek Pty Ltd.

The purchaser of Dry Creek is an entity associated with Adelaide Resource Recovery (ARR), a leading South Australian recycling company with its primary business based on a 120-hectare site at Wingfield adjacent to the Dry Creek salt fields. The ARR offer to acquire all of the Company shares, as opposed to some or all of the assets of the business, was a compelling commercial proposal from a value and timing perspective, and delivered positive Ridley shareholder outcomes for

$45m

APPROXIMATE CASH VALUE OF SALES TRANSACTIONS

Aggregate totals including $16 million receivable from the Dry Creek divestment.

both the freehold land and the land leased from State Government bodies. The sale resulted in all costs associated with the management, closure and holding of the site ceasing from 31 March 2016, being the original intended date for completion. These costs have been running in excess of $3 million per annum since the 30 June 2013 cessation of salt sales to Penrice.

In comparison to other proposals that were received as part of the CCP process, the ARR offer delivered superior value for Ridley shareholders, not only in terms of sales proceeds but also in early termination of the considerable legacy costs associated with the closure of the salt field and future management of any legacy liabilities. Coupled with the earlier divestments at Dublin and Lower Light, Ridley is realising in excess of $37 million cash for the asset, and has eliminated all long term liabilities associated with closure, rehabilitation, holding and other management costs pertaining to the site.

Nelson Cove

Ridley has been developing plans for the former Moolap Salt Works for several years, and is ready to proceed with planning approvals for the proposed Nelson Cove project, which comprises the redevelopment into a master-planned mixed-use community of nearly 500 hectares of land currently owned or leased by Ridley at Moolap, near Geelong in Victoria.

During the last 12 months there has been a changing political landscape in Geelong and more broadly in Victoria, and with the change has come a deferral of the project timelines. Despite this delay, Ridley continues to positively plan and promote the vision for this major project with the belief that it presents a unique and remarkable opportunity, not only for the immediate Moolap vicinity, but also for the area of Greater Geelong.

The Victorian State Government (Government) announced the process to develop a 'Moolap Coastal Strategic Framework Plan' (the Plan) in August 2015, which will consider opportunities for Ridley's landholdings alongside Alcoa's aluminium smelter plant at Point Henry. As part of the process to develop the Plan, the Government has been consulting with the broader community, and will be preparing a strategic land use framework plan for ultimate inclusion in the Geelong Planning Scheme to be published some time in 2017.

The process to formulate the Plan is now well underway, and the Government released a Discussion Paper in June 2016, outlining seven possible scenarios for the region, none of which comprised or incorporated the Ridley master plan.

Ridley and its development partner, Sanctuary Living, were active in the consultation process, preparing and lodging a submission outlining the collaborative proposal for the site, together with accompanying plans for the construction of the Lara International Bird Sanctuary (Sanctuary) at Ridley's former salt field site at Lara.

No reference is made in the Discussion Paper to either the Ridley/Sanctuary Living submission or to the availability of the Sanctuary. Also there is no mention made of the significant issues facing the region with regard to existing inundation and stormwater, and to future sea level rise. Absent a comprehensive solution for the entire region, such as that provided by the Ridley/Sanctuary Living master plan, there is a material funding requirement associated with all of the scenarios featured in the Discussion Paper.

There is a 'Tourism in Moolap' scenario outlined in the Discussion Paper which contemplates the development of Ridley's

> *"For the properties remaining as at 30 June 2016, Ridley has a suite of corporate agreements with developer Sanctuary Living to generate shareholder value from the former salt field site at Moolap, now referred to under its development project name of Nelson Cove."*

"With the surplus land bank portfolio now divested, partnered or packaged ready for sale, the internal Ridley property development team has completed its mandate and was disbanded at the end of the 2016 financial year."

freehold land for residential purposes. This scenario could accommodate a much smaller Ridley/Sanctuary Living development minus the myriad of community facilities, but would still require impose a significant taxpayer or ratepayer burden to address the low-lying former salt field land currently under water.

Further consultation is proposed to be undertaken by the Government prior to the development and release of its Plan later in the year. To assist the Government in understanding the complexity and scale of the sea level rise and inundation issues facing the local community on the peninsula, Ridley has made available all of its research data for the region which it has privately funded over several years in pursuit of development approvals.

Provided that appropriate development approvals are achieved for the Nelson Cove development, the Sanctuary at Lara will be gifted to the community by Ridley at nil cost as part of a land offset strategy to acquire the Crown land currently leased by Ridley. The Sanctuary is perceived by Ridley and Sanctuary Living as critical to any meaningful development of the Corio Bay peninsula by virtue of it providing a nearby and improved location to sustain the migratory bird populations which are a feature of the region.

Ridley and Sanctuary Living have completed the required investigations and revisions of the preferred master plan and the financial feasibility for the Nelson Cove project.

Ridley expects that upon publication of the Plan by the end of the calendar year, there will be a clear direction for the site and for the Nelson Cove project, and that Ridley and Sanctuary Living will be well positioned to move forward at that time.

Lara

Ridley's 912-hectare property at Lara is located directly adjacent to the Avalon Airport and within a future employment corridor nominated by the Victorian State Government, and as such Ridley believes there is significant shareholder value inherent in the site.

There are a number of strategic initiatives that are evolving in the area around the Lara site, including the expansion of the Avalon Airport to accommodate international flights following the Federal Government's announcement that it had amended the airport's lease from domestic-only to international status. The lease amendment means that Avalon Airport will become Victoria's second international airport and its expansion will create significant opportunities for the establishment of airport-related industrial use and support businesses.

In addition to the lease amendment referred to above, the Linfox Group and China's HNA Group have signed a Memorandum of Understanding (MOU) to collaborate on a number of key joint initiatives, including establishing commercial flights and airfreight services between Avalon Airport and China. Other infrastructure developments currently being investigated, such as the development of the $250 million rail link to Avalon Airport, will further strengthen strategic opportunities for the region and the Lara site.

Ridley has conducted an EOI process over approximately 650 hectares of the Lara site to explore potential short term value opportunities, and received several offers to acquire the site. Since that time there has been continued interest in the property, and although the commercial offers have to date fallen short of Ridley's value expectations, we are encouraged by the continued interest. With minimal holding costs for the site, Ridley is prepared to remain patient in order to deliver maximum shareholder value.

The southern 250 hectares of Ridley's freehold land is located towards Corio Bay and is being held for the proposed Lara International Bird Sanctuary, an environmental offset site proposed for migratory and other shore birds, and associated with the proposed development of Nelson Cove. This land is considered an important strategic asset in relation to achieving planning approval for the Nelson Cove project, and once established, is expected to create a significant environmental asset and legacy for the Geelong region.

Dandenong

Ridley announced in April 2015 that it had achieved an unconditional sale of its former feedmill site in Dandenong, Victoria for gross proceeds of $3 million, with completion due on 30 November 2015. We were pleased to announce the completion of this transaction as scheduled.

The closure of the Dandenong site saw all site operational activities relocated to its then newly constructed facility in Pakenham. The 1.3-hectare site was re-zoned from 'Industrial' to a 'Comprehensive Development Zone (High Density Residential)' as part of the local Government's broader strategic plan to regenerate Dandenong's commercial hub and transform the city centre into a thriving activities district.

Ridley completed demolition of all buildings at the site in preparation for sale, and had written down the asset in 2013 to a residual carrying value of c.$670,000. After incurring agents' fees and minimal legal costs, an accounting profit in excess of $2.2 million was achieved and recorded in the 2016 financial year.

Future activity

With the surplus land bank portfolio now divested, partnered or packaged ready for sale, the internal Ridley property development team has completed its mandate and was disbanded at the end of the 2016 financial year. Value realisation activities at Nelson Cove will henceforth be managed in conjunction with development partner Sanctuary Living, whilst any sale opportunities for the Lara site will be managed through a real estate agent and in-house legal affairs resources augmented as required by external consultancy support.

OUR PEOPLE AND SUSTAINABILITY

THREE YEARS AGO, RIDLEY DEVELOPED A NEW SUITE OF SIX STRATEGIC PLATFORMS AS A BASE UPON WHICH TO RUN THE BUSINESS AND PROVIDE DIRECTION FOR OUR GROWTH.

Michael Murphy
General Manager Safety People and Sustainability

Safety

Ridley's position as Australia's leading provider of high performance animal nutrition solutions is only made possible by a commitment to provide a safe environment for our employees, contractors and visitors. This commitment is manifested in a comprehensive and robust safety management system, together with safety being embedded as a priority in the everyday culture of conducting our business.

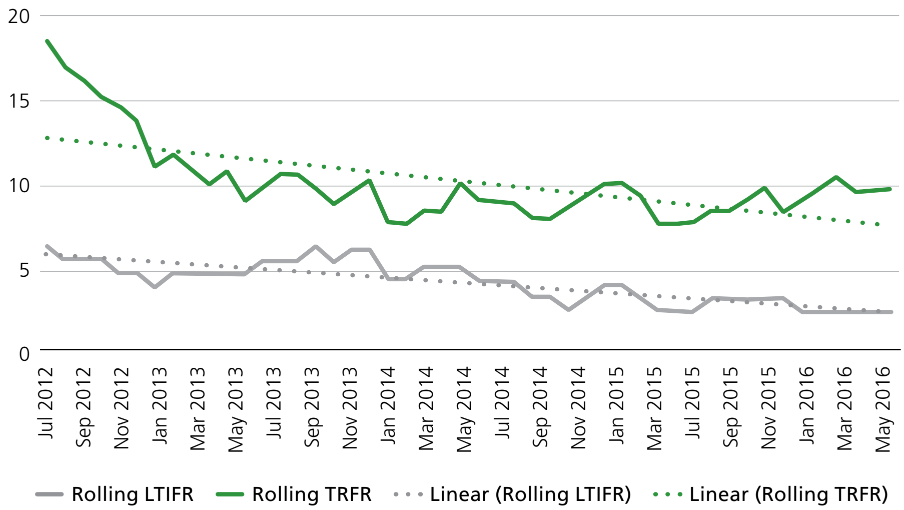
Three years ago, Ridley developed a new suite of six Strategic Platforms as a base upon which to run the business and provide direction for our growth. Safety was articulated as the first of these platforms, and since that time has been made the subject of much greater focus in all our day-to-day operations. It is therefore very pleasing to see the efforts put in to this cultural journey reflected in our key safety statistics.

At Ridley we use both lag and lead indicators to measure our safety performance.

The key lag measures are Lost Time Injury Frequency Rate (LTIFR), which measures the number of lost time injuries per million hours worked, and Total Recordable Frequency Rate (TRFR), which is the sum of the number of medical treatment injuries that did not result in lost time plus the number of lost time injuries, per million hours worked.

In FY16, the final LTIFR for the year end was reported as a record low of 2.20, with the TRFR at 9.52. These results continue the positive linear trend for both metrics, as illustrated in the adjacent graph.

Four-year rolling LTIFR and TRFR history and trend



From a lead indicator perspective, our performance also remains strong:

- Completion of safety training by all staff – for FY16, we have achieved a completion measure of 94.8%.
- Completion of good manufacturing practice audits on a monthly basis on each site – for FY16, we have achieved a completion measure of 100%.
- Closure of priority actions identified during audits or as a result of incident in investigations – for FY16, we have achieved a closure measure of 98%.

These headline lead indicators are supplemented by reporting of hazards/ near misses, regular occupational health and safety/workplace health and safety committee meetings at all sites, internal and external audits, plus a program of site safety walks conducted by Ridley management.

Of course our safety performance can only continue to improve if our people embrace safety as part of our workplace culture. To this end, all of our employees have a dedicated safety metric as part of their personal Key Performance Indicators (KPI). Additionally, we have also introduced safety as an agenda item in the daily 'stand up' meetings which occur at our operational sites, and this has been a very positive initiative in keeping safety uppermost in our thinking and as part of our everyday conversations on site.

Finally, FY16 has also seen us establish a health and wellbeing program across the business. This program provides our employees with a range of information on how to improve their general physical and mental health, and the program has been well received to date.

100%

COMPLETION MEASURE

Monthly good manufacturing practice audits.

"Of course our safety performance can only continue to improve if our people embrace safety as part of our workplace culture. To this end, all of our employees have a dedicated safety metric as part of their personal key performance indicators."

People

Similar to safety, people stands as one of the business' six Strategic Platforms, in recognition of the fact that recruitment and retention of quality people, and a continuing investment in their development, is fundamental to our success as a business.

In terms of recruitment, we have continued with our policy to target both specialists from inside our various agribusiness sub-sectors together with external high-calibre individuals from non-traditional agricultural backgrounds, who nonetheless have valuable skills in other fields such as marketing, finance or IT to help drive our business forward. From a personal development perspective, we continue to offer our employees a combination of tailored internal training content together with relevant external training programs where appropriate. We also actively encourage internal mobility, whether it be through promotion of internal staff for key roles or job-swap opportunities.

In the context of the above, it was particularly pleasing to see three Ridley employees recognised by peak industry body the Stock Feed Manufacturers' Council of Australia (SFMCA) during the year. The SFMCA announced five individual winners of its 2016 Development Award, three of which came from Ridley. This recognition was a tremendous reflection of both the skills and passion of the individuals concerned, and of Ridley's commitment to pursue excellence and innovation in stockfeed manufacturing.

FY16 also saw Ridley reaffirm its commitment to diversity. With respect to gender, in its 2015–16 Public Report to the Workplace Gender Equality Agency, Ridley reported proportions of the following key employment categories as being held by female employees:

- Board members – 17%
- Senior executives – 30%
- Senior managers – 30%

Ridley also supports employment equality for indigenous Australians, which is a formal key business objective of its associate company Consolidated Manufacturing Enterprise Pty Ltd, in which Ridley holds a 25% minority interest with the majority 75% interest held by Indigenous Business Australia. The commitment is reflected in the high number of indigenous workers employed by that company.

"Of course our Safety performance can only continue to improve if our people embrace Safety as part of our workplace culture. To this end, all of our employees have a dedicated Safety metric as part of their personal Key Performance Indicators."

Sustainability

In addition to generating returns for its shareholders, Ridley also understands the importance of its responsibilities from a social and environmental perspective. In this context, and as a processor of nearly two million tonnes of materials per annum, Ridley has devised a simple framework of 'water, waste and energy' as a focus for its efforts to achieve more sustainable practices and outcomes.

From a water perspective, Ridley's water bioremediation system at its rendering plant at Maroota, NSW, is an industry-leading recycling solution comprising two covered anaerobic ponds which allow the site to recycle all its water and function on a 100% self-sufficient basis in terms of water supply.

With respect to energy, an SFMCA study of energy consumption and CO_2 emissions per tonne of feed manufactured across 35 Australian feedmills saw Ridley record a significant improvement between 2013 and 2015. This reduction in energy usage was achieved through combined investments in our boilers, tallow tanks, lighting and a new solar photovoltaic system.

Finally, it was pleasing to see the efforts of the business in the sustainability space recognised at the end of the year with Ridley receiving a 2016 Australian Packaging Covenant High Performer Award.

Innovation

Ridley's ability to continually innovate in both its nutritional products/services and its means of delivering those solutions to market is critical in defending and growing our position as Australia's leading provider of high performance animal nutrition solutions.

From an R&D perspective, FY16 has been a significant year in achieving some key milestones around our flagship Novacq™ program. The journey with Novacq™ has been one of many years hard work from key individuals across our business, in conjunction with Novacq™ licensor CSIRO. It was gratifying to finally secure our own commercial scale production facility for this ground-breaking prawn feed additive in Yamba, NSW, together with a 49% share in a prawn feed mill in Chanthaburi, Thailand, to be used as a platform to launch the product into the large and lucrative Thai prawn market.

Our R&D portfolio also saw another new product come to market, with a new supplements block for sows launched to considerable interest. The sow block builds on the success of our well-established beef cattle block business, albeit with a novel benefit of improving the behaviour, and consequently the performance from a meat production perspective, of group-housed sows.

Outside of R&D, it was exciting to launch our new Total Mixed Ration-style dairy feed product out of our new blending shed in Terang, western Victoria. Our new pig and poultry feedmill near Geelong is also under construction and utilises the very latest in feedmilling technology.

"During the year, Ridley donated cash and many tonnes of animal feed directly to Aussie Helpers in order to assist struggling farmers."

Community

Ridley is proud to support employees, suppliers, customers, and the communities where we operate, and for the last four years has been an active supporter of the Garvan Institute and Aussie Helpers.

Garvan Institute – promoting 'healthy families, healthy communities'

In 2012, the Garvan Institute (Garvan) and Ridley joined forces to raise awareness about health and wellbeing in regional and rural Australia through the establishment of the Healthy Families, Healthy Communities program, which is designed to:

- advocate the importance of medical research to rural and regional Australia;
- share important health messages with rural and regional Australia; and
- convey messages supporting healthy living and risk mitigation.

In FY16, the Healthy Families, Healthy Communities program was showcased at the Australian Renderers Association Industry Conference, the Australian Grains Industry Conference and the Australasian Milling Conference. The Healthy Families, Healthy Communities program also contributes content for a regular health awareness column in the *QantasLink Spirit* Magazine.

As Australia's largest regional airline, this magazine provides 5.2 million Qantas passengers per annum with access to information on various health awareness topics.

The Ridley Ken Davies Memorial Award

Ken Davies was a valued and respected colleague who passed away on 15 September 2015. Ken was held in the highest esteem by our customers and all Ridley employees who knew him.

Ridley established the Ridley Ken Davies Memorial Award to honour Ken and to make a positive difference to support medical research and contribution to change the direction of medicine that will have major impacts on human health.

The Ridley Ken Davies Memorial Award is an annual award presented to a Garvan Institute researcher with a $50,000 prize as part of the Healthy Families, Healthy Communities program. Ridley has also established a Workplace Giving program to establish ongoing support for the Ridley Ken Davies Memorial Award.

The inaugural Ridley Ken Davies Memorial Award has been awarded to Dr Yvonne Selecki and Dr Mohammed Ali Moni of Garvan's Bone Biology Division. The award will assist researchers to use the extensive research data from Garvan's Dubbo Osteoporosis Epidemiology Study (DOES), and the $50,000 of funding will allow Drs Selecki and Moni to develop a web-based data portal for DOES, extending the utility and impact of the data.

Dr Yvonne Selecki (Garvan), Dr Mohammad Ali Moni (Garvan), Megan Gourlay (Ridley), Helen Davies (Ken Davies' wife) and Melissa Pang (Ken Davies' daughter) at the presentation of the inaugural Ridley Ken Davies Memorial Award.

Aussie Helpers

Aussie Helpers supports farmers who are going through really tough times. The majority of these people would not ask for help or expect it. Originally started by a husband and wife team, Aussie Helpers has expanded over the years and is unique in its aim to not only encourage financial support for struggling farmers, but also in respect of donations of time.

Aussie Helpers is a direct link to the rural communities where Ridley operates. Aussie Helpers visits to farming families are not meant to solve any major problems, however at times just knowing that someone cares about them and their difficult situation in the bush offers a little hope of better days ahead.

Aussie Helpers has helped thousands of farmers who have been affected by fire, flood, drought, and rising costs of living. We have been actively helping Aussie Helpers since becoming a sponsor and believe that this organisation is best placed to assist farmers.

Ridley's relationship with Aussie Helpers is consistent with our strategy of working closely with the communities where our staff, suppliers and customers live.

During the year, Ridley donated cash and many tonnes of animal feed directly to Aussie Helpers in order to assist struggling farmers. Ridley also donates surplus computer equipment to farming families and holds an annual Christmas collection drive at our Bourke Street Head Office and at some of our sites to donate gifts to less fortunate farming families.

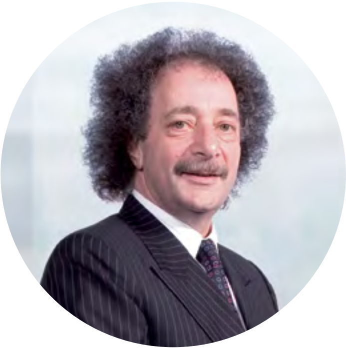
In July 2015, the Garvan Research Foundation launched the Medical Research and Rural Health – Garvan Report 2015 at the Australian Grains Industry Conference in Melbourne. The first of its kind, the report brought together evidence-based data to better understand the health issues facing rural and regional populations across Australia, how to identify those who might be affected and in need of assistance, and to explain why the challenges exist and what is the outlook and way forward to rectify some of these major health issues.

Ridley is also proud when employees support a range of charitable activities. By way of example, Ridley employees Robin Campbell and Vaughan Chenoweth, supported in part through Ridley's site donation program, actively championed and participated in the 2015 Tour de Cure. The Tour de Cure is a bike ride for charity which promotes the keys messages around health and wellbeing, as well as raising precious funds to fund research against cancer. In late 2015, the tour route was from Adelaide to Melbourne, via the Great Ocean Road.

Bike maintenance for Robin Campbell en route to Melbourne.

Tour de Cure support vehicle.

BOARD OF DIRECTORS



Dr Gary Weiss

LLB (Hons) LLM (NZ) JSD (Cornell, NY)

Independent Non-Executive Director and appointed Chair on 1 July 2015

Appointed in June 2010, Dr Weiss is an Executive Director of Ariadne Australia Ltd and a former executive director with the Guinness Peat Group. Gary has LLB (Hons) and LLM (Dist) degrees from Victoria University of Wellington, New Zealand and a JSD from Cornell University, New York. He has extensive experience in international capital markets and is a Director of a number of public and private companies. Gary was appointed Chair on 1 July 2015.

Other current listed company directorships

Ariadne Australia Limited from 1989.

Premier Investments Limited from 1994.

Tag Pacific Limited from 1988.

Pro-Pac Packaging Limited from 2012.

Thorney Opportunities Limited from 2013.

The Straits Trading Company Limited from 2014.

Estia Health Ltd from 24 February 2016.

Former listed company directorships in the last three years

Clearview Wealth Limited from October 2012 until May 2016.

Mercantile Investment Company Limited from 2012 until February 2015. Dr Weiss resigned as a Non-Executive Director and acts as an Alternate Director for Mr Daniel Weiss.

Tim Hart

BSc, MM(T), MMkting, MEd (Melb), PGDIPSI (Oxon), GAICD, FAIM

Chief Executive Officer and Managing Director

Mr Hart commenced employment with Ridley on 2 April 2013 as CEO Designate, was appointed a Director on 24 June 2013, and was formally appointed as Chief Executive Officer and Managing Director on 1 July 2013. Tim was previously CEO of Sugar Australia and Sugar New Zealand, being joint ventures between Wilmar/CSR and Mackay Sugar Limited. Prior to that, he held management positions with SCA Hygiene Australasia, Carter Holt Harvey, ACI Plastics Packaging, Amcor Limited and Pasminco Limited.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Patria Mann

BEc CA FAICD

Independent Non-Executive Director

Appointed in March 2008, Mrs Mann is currently a Non-Executive Director of Event Hospitality & Entertainment Limited, Allianz Australia Limited, Bellamy's Australia Limited and Perpetual Superannuation Limited. Formerly a partner at KPMG and an experienced director, Patria brings strong audit, investigation, risk management and governance experience to the Board. Patria is a member of the Institute of Chartered Accountants and a Fellow of the Institute of Company Directors.

Other current listed company directorships

Event Hospitality & Entertainment Limited from October 2013.

Bellamy's Australia Limited from 10 March 2016.

Former listed company directorships in the last three years

None.

Professor Robert van Barneveld

B.Agr.Sc. (Hon), PhD, R.An.Nutr., FAICD

Independent Non-Executive Director

Professor van Barneveld is a registered animal nutritionist, has a Bachelor of Agricultural Science with a major in Animal Production and a PhD from the University of Queensland. Appointed in June 2010, Rob brings to the Board a wealth of experience in the agricultural sector, and is the Group CEO and Managing Director of the Sunpork Group, which includes farms, abattoirs, value adding and food businesses. He also serves on the boards of Pork CRC Ltd and Roseworthy Piggery Pty Ltd, is Deputy Chair of Autism CRC Ltd and Chairman of Social Skills Training Pty Ltd. Rob is an adjunct Professor in the School of Environmental and Rural Science at the University of New England.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Ejnar Knudsen

CFA

Mr Knudsen represents the interests of 19.73% shareholder AGR Agricultural Investments LLC (formerly known as Insitor Holdings, LLC) and AGR Partners, LLC.

Appointed on 24 June 2013, Mr Knudsen is the CEO of AGR Partners, LLC, an associated entity of Ridley's largest shareholder, AGR Agricultural Investments LLC (formerly known as Insitor Holdings, LLC). Ejnar has more than 20 years of experience investing in and operating food and agriculture companies. Ejnar was Executive Vice President of Western Milling, a start-up Californian grain and feedmilling company that grew to over $1 billion in sales. He spent 10 years as Vice President for Rabobank in New York managing a loan portfolio, equity investments, and corporate advisory services. Prior to founding AGR Partners, Ejnar was Co-Portfolio Manager of Passport Capital's Agriculture Fund and Craton Capital.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

David Lord

MBA (Executive) MEBS, Grad. Dip. Bus (Management) (Monash) MAICD

Independent Non-Executive Director

Appointed in April 2016, Mr Lord has enjoyed a senior management career primarily in consumer products and agribusiness, most recently as President and Chief Operating Officer of Saputo Dairy Division (Australia) and as CEO and Managing Director of Warrnambool Cheese and Butter Factory Company Limited (WCB) from 2010 to 2015. Between the years 2002 and 2009, David was CEO and Managing Director of Parmalat Australia, a national dairy food manufacturing company known for its Pauls, Ice Break, Vaalia and Smarter White brands. David has extensive experience in supply chain and in the domestic markets for consumer and industrial food products, and the marketing of Australian dairy products in the international commodity marketplace.

Other current listed company directorships

None.

Former listed company directorships in the last three years

Managing Director of Warrnambool Cheese and Butter Factory Company Holdings Limited until May 2014.

FINANCIAL REPORT

The Directors of Ridley Corporation Limited (Ridley or the Company) present their report for the Group (the Group), being the Company and its subsidiaries, and the Group's interest in equity accounted investments at the end of, or during, the financial year ended 30 June 2016.

1. Directors

The following persons were directors of Ridley Corporation Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

GH Weiss
TJ Hart
PM Mann
RJ van Barneveld
E Knudsen
DJ Lord (appointed 29 April 2016)
JM Spark (resigned on 1 July 2015)
AL Vizard (resigned on 31 March 2016)

2. Principal activities

The principal continuing activities of the Group during the year were the production of premium quality, high performance animal nutrition solutions.

3. Results

Table 1 in $'000	2016	2015
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

4. Review of operations

Operating result

The full year consolidated EBIT of $42.1 million after property costs but before non-recurring items, comprises the Ridley AgriProducts result of $53.7 million, less corporate costs of $9.6 million 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 10 to the accounts), comprising a pre-tax operating loss prior to divestment of ($4.0 million) offset by a pre-tax profit on disposal of $6.6 million. After allowing for tax payable on the disposal of ($4.9 million) after utilisation of all brought forward capital losses and a tax benefit on operating losses of $2.7 million, a net after tax profit on the discontinued operation of $0.4 million 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.

As reflected in Table 2 below, Ridley has reported EBIT from continuing operations and before non-recurring costs for the year of $42.1 million, an increase of $3.3 million on the $38.8 million prior year equivalent.

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

$1.4 million 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 damaged facilities at the Wasleys site is expected to be completed in the first half of the 2017 financial year and further proceeds will be periodically received as the rebuild progresses.

Net finance costs for the year of $5.4 million 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 $12.6 million excludes $2.2 million of tax payable on the Dry Creek Discontinued Operation and excludes $0.5 million of tax relating to other non-recurring items.

4. Review of operations continued

Profit and loss

Table 2 in $ million	2016	2015	Movement
Earnings from operations before finance income and expense and tax expense (EBIT):			
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**	8.4	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

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

Corporate and property costs

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

The property costs other than Dry Creek of $2.0 million are $0.7 million 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 strategic land use assessment review of the Corio Bay peninsula.

Balance Sheet

There have been the following material movements in the Balance Sheet over the last 12 months:

(i) The $33.5 million prior period Dry Creek current asset held for sale has been sold during the year, with $19 million of proceeds received and a further $16 million yet to be received after the balance date, of which $10 million ($9.8 million net present value) is due within 12 months and the final $6 million ($5.5 million net present value) by no later than 31 December 2017.

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

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

(iv) An increase in inventory ($6.0 million) and decrease in payables ($12.8 million) 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 $20.7 million increase in property, plant and equipment, which reflects $12.2 million 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 $19.3 million, a decrease of $25.9 million from the prior year of which $19.6 million represents a temporary increase in working capital.

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

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

The investment in the Thailand joint venture was acquired for an outlay of $1.3 million and payments for intangible assets of $0.7 million 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 $14.0 million were made during the year compared to $6.6 million in the prior year.

Table 3 in $ million	Year Ended	
Cash flows for the year	**30 June 2016**	**30 June 2015**
EBIT from operations after transaction costs and before discontinued operation and non-recurring costs	**42.1**	38.8
Net cash flow from discontinued operation and 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 salt fields at Moolap and Lara.

4. Review of operations continued

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 wellbeing or feed conversion ratios in poultry and aqua-feed.
- **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 $1.0 million (FY15: $2.0 million) 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

Ridley 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 Board of 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 $28.1 million to $53.7 million 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 Aqua-Feed. 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.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year ended 30 June 2016.

6. Dividends and distributions to shareholders

Dividends paid to members during the financial year were as follows:

	2016 $'000
Interim dividend in respect of the current financial year paid on 29 April 2016 of 1.5 cents, 100% franked	**4,618**
Final dividend in respect of the prior financial year paid on 30 October 2015 of 2.0 cents, 100% franked	**6,156**
	10,774

7. Environmental regulation

The Group's manufacturing activities are subject to environmental regulation. Management ensures that any registrations, licences or permits required for the Group's operations are obtained and observed.

Ridley has environmental risk management reporting processes that provide senior management and the Directors with periodic reports on environmental matters, including rectification actions for any issues as discovered. In accordance with its environmental procedures, the Group monitors environmental compliance of all of its operations on an ongoing basis. The Directors are not aware of any environmental matters likely to have a material financial impact.

Greenhouse gas reporting requirements

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER), which governs the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects and energy use and production. Ridley has submitted its an annual report in compliance with its reporting requirements.

8. Directors' and executives' remuneration

Refer to the Remuneration Report.

9. Share options and performance rights

Unissued ordinary shares of Ridley Corporation Limited and controlled entities under options and performance rights at the date of this report are as follows:

	Number	Expiry Date
Ridley Corporation Long Term Incentive Plan (performance rights)	7,650,000	Various
Ridley Employee Share Scheme (options)*	4,551,514	Various

* The share grant and supporting loan together in substance comprise a share option.

No holder has any right under the above plan and scheme to participate in any other share issue of the Company or of any other entity. The Company will issue shares when the options and performance rights are exercised. Further details are provided in note 25 in the notes to the financial statements and in the Remuneration Report.

The names of all persons who currently hold options granted under the option plans are entered in the register kept by the Company, pursuant to section 215 of the *Corporations Act 2001*. The register is available for inspection at the Company's registered office.

10. Information on Directors

Particulars of shares and options in the Company held by Directors, together with a profile of the Directors, are set out in the Board of Directors section in the annual report and in the Remuneration Report.

11. Post balance date events

Refer to the Litigation section of note 29 Contingent liabilities in respect of a post balance date event comprising the initiation of proceedings by Ridley to recover an outstanding debt.

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.

12. Company Secretary

The Company Secretary during the year was Mr Alan Boyd who was appointed on 27 July 2009. Mr Boyd is the Group's Chief Financial Officer and is a fellow of the Governance Institute of Australia and a member of the Institute of Chartered Accountants Australia and New Zealand.

13. Insurance

Regulation 113 of the Company's Constitution indemnifies officers to the extent now permitted by law.

A Deed of Indemnity (Deed) was approved by shareholders at the 1998 Annual General Meeting. Subsequent to this approval, the Company has entered into the Deed with all the Company's directors, the secretary of the Company, and the directors of all the subsidiaries.

The Deed requires the Company to maintain insurance to cover the Directors in relation to liabilities incurred while acting as a Director of the Company or a subsidiary and costs involved in defending proceedings.

During the year the Company paid a premium in respect of such insurance covering the Directors and secretaries of the Company and its controlled entities, and the general managers of the Group.

14. Meetings of Directors

The number of Directors' meetings and meetings of committees of Directors held during the financial year, and the number of meetings attended by each Director as a committee member, are as follows:

Directors	Board		Audit and Risk Committee		Remuneration Committee		Ridley Innovation and Operational Committee	
	H	A	H	A	H	A	H	A
JM Spark[#]	-	-	-	-	-	-	-	-
GH Weiss[#]	12	12	4	4	4	4	-	-
TJ Hart	12	12	-	-	-	-	4	4
AL Vizard[1]	8	8	-	-	3	3	3	3
PM Mann	12	11	4	4	-	-	-	-
RJ van Barneveld[2]	12	12	4	4	-	-	4	4
E Knudsen	12	11	-	-	-	-	4	4
DJ Lord[3]	2	2	-	-	1	1	-	-

H Number of meetings held during period of office.

A Number of meetings attended.

\# Mr Spark resigned as Chair, from the Ridley Board, and from the Audit and Risk Committee on 1 July 2015. Dr Weiss was appointed as Chair on 1 July 2015.

1. Professor Vizard resigned from the Ridley Board on 31 March 2016.
2. Professor van Barneveld was appointed to the Audit and Risk Committee on 1 July 2015.
3. Mr Lord was appointed to the Ridley Board on 29 April 2016. Mr Lord was appointed as Chair of the Remuneration Committee on 20 June 2016.

15. Non-audit services

The Company may decide to employ the auditor (KPMG) on assignments in addition to the statutory audit function where the auditor's expertise and experience with the Company and/or the Group are important and valuable.

The Board has considered the non-audit services and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of such expertise on separately negotiated fee arrangements is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 52.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	$
Tax services	48,878
Transaction advisory and other services	60,644
Total	109,522

16. Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

Signed in Melbourne on 29 August 2016 in accordance with a resolution of the Directors.

GH Weiss
Director

TJ Hart
Director

REMUNERATION REPORT – AUDITED

The Directors of Ridley Corporation Limited (Ridley or Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and the Group, being the Company and its subsidiaries (Group), and the Group's interest in equity accounted investments, for the financial year ended 30 June 2016. This report forms part of the Directors' Report for the year ended 30 June 2016.

Remuneration Committee

The Remuneration Committee, (throughout the Remuneration Report referred to as the Committee) consisting of at least two independent Non-Executive Directors, advises the Ridley Board of Directors (Board) on remuneration policies and practices generally and makes specific resolutions in its own right and recommendations to the Board on remuneration packages and other terms of employment for the Managing Director, other senior executives and Non-Executive Directors. The Committee is not responsible for evaluating the Board's performance, reviewing Board size and composition and setting the criteria for membership and candidates to fill vacancies; these responsibilities are managed by the Ridley Board.

Executive remuneration and other terms of employment are reviewed annually by the Committee, having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

The number of meetings held during the year is shown as item 14 of the Directors' Report.

Services from remuneration consultants

In the prior year, the Committee engaged both the Godfrey Remuneration Group (GRG) and Hay Group (Hay) for a period of one year as remuneration consultants to the Board. GRG and Hay were engaged to provide remuneration recommendations relating to key management personnel (KMP) of the Group, to provide advice outlining retention strategies for key senior managers in the event of a change in control event for the Group, and to provide recommendations in relation thereto.

The engagement of both GRG and Hay by the Committee was based on a documented set of protocols to be followed by GRG, Hay, members of the Committee and KMP, and which govern the way in which the remuneration recommendations would be developed by GRG and Hay and provided to the Board and the Committee. The Board adopted these recommendations last year and have continued to apply the existing policies and practices throughout the 2016 financial year.

Remuneration of Directors and executives

Principles used to determine the nature and amount of remuneration

Remuneration packages are set at levels that are intended to attract and retain Directors and executives capable of directing and managing the Group's operations and achieving the Group's strategic objectives.

Executive remuneration is thoroughly benchmarked against a Comparator Group of Companies comprised of ASX, globally listed and private companies of similar function and size to Ridley.

Executive remuneration is structured to align reward with the achievement of annual objectives, successful business strategy implementation and shareholder returns. The remuneration strategy is to:

(i) offer a base Total Employment Package (TEP) that can attract talented people;

(ii) provide short term performance incentives to encourage personal performance;

(iii) provide long term incentives to align the interests of executives more closely with those of Ridley shareholders; and

(iv) reward sustained superior performance, foster loyalty and staff retention.

The overall level of executive reward takes into account the performance of the Group primarily for the current year.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for creation of shareholder wealth, the Committee has regard for the following indices in respect of the current financial year and the previous four financial years.

		2016	2015	2014	2013	2012
Profit/(loss) attributable to members of Ridley Corporation Ltd	$'000	**27,606**	21,171	17,613	(21,694)	19,253
Earnings Before Interest and Tax	$'000	**45,734**	36,141	27,435	(13,272)	35,682
Cash flow from operating activities	$'000	**17,612**	47,059	31,349	52,583	50,896
Return on shareholders' funds before significant items and discontinued operations	%	**11.4**	9.4	7.8	(6.8)	6.9
Dividends paid	$'000	**10,774**	10,774	4,617	11,543	23,086
TSR#	%	**15.0**	62.0	8.0	(19.1)	(11.0)
Short Term Incentive to KMP	$'000	**1,322**	1,559	1,142	862	158

Total Shareholder Returns (TSR) is calculated as the change in share price for the year plus dividends paid for the year, divided by the opening share price.

Non-Executive Directors

Directors' fees

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit which is reviewed periodically, with proposed amendments recommended to shareholders for approval. The maximum currently stands at $700,000 as approved at the 2003 Annual General Meeting. The Chair, and Chair of the Audit and Risk Committee and Ridley Innovation and Operational Committee, receive $10,000 of incremental fees in addition to the base Director fees. The total amount paid to Non-Executive Directors in FY16 was $600,955 (FY15: $620,000).

Retirement allowances for Directors

At the 2003 Annual General Meeting, shareholders approved the termination of the retirement allowance scheme. Directors' accrued entitlements at 31 October 2003 were frozen and will be paid when they retire. Professor Andrew Vizard's was the sole remaining entitlement of $35,000, and this was paid out in full upon his retirement on 31 March 2016.

Executives

The executive pay and reward framework comprises the three components of base pay and benefits, short term incentives, and long term incentives.

Base pay and benefits

Executives receive a base package which may be delivered as a mix of cash and, at the executive's discretion, certain prescribed non-financial benefits, including superannuation in excess of the superannuation contribution guarantee payments.

External consultants provide analysis and advice to ensure the base package and benefits for Non-Executive staff are set to reflect the market rate for a comparable role. An executive's pay may also be reviewed on promotion.

The Group sponsors the Ridley Superannuation Plan – Australia (the Fund), and contributes to other employee nominated superannuation plans. The Fund provides benefits on a defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement. In the prior year, the Group terminated a legacy defined benefit plan through the provision of compensation and transfer of the five residual members to a defined contribution plan.

Short term incentives

Executives and employees in senior positions are eligible for short term incentive (STI) payments based on two components, being the financial performance of the Group (60%) and the overall performance of the individual (40%) as measured against personal key performance indicators (KPIs) (FY15: financial to personal split 50%:50%).

Each year, appropriate KPIs are set to align the STI plan with the priorities of the Group through a process which includes setting stretch target and minimum performance levels required to be achieved prior to any payment of an STI. KPIs are initially set by the Board for the Managing Director based on the adopted business strategy, and then these are cascaded down to the KMPs, CEO Direct Reports and then throughout the business, recognising the relative contributions required of each role within the organisation.

The Group financial performance component of the STI for FY16 was assessed against budgeted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and against Net Profit After Tax (NPAT). The measures of personal performance include targets on safety, training, operational excellence, customer focus, sustainability and community, and people values and development.

Following the end of the 2016 financial year, the financial results and each individual's performance against KPIs have been reviewed to determine STI payments for each executive. For FY16, the financial performance hurdles were assessed as being 80% achieved by the Committee, and its recommendations were adopted by the Board. The STI is payable in cash and in September, after the release of the full year financial results.

STI incentives range from 100% of the base package for the CEO down to 10% of the base package for the least senior participants in the plan. The KPIs are designed to incentivise successful and sustainable financial outcomes, instil a culture where safety is paramount, and encourage excellence, innovation, and behaviour in compliance with the Ridley Code of Conduct.

Long term incentives

In the year ended 30 June 2016, executives' and employees' long term incentives were provided by way of participation in the Company wide Ridley Employee Share Scheme. There was also an annual issue of performance rights to senior executives and officers under the Ridley Long Term Incentive Plan with an effective date of 1 July 2015 and standard terms and conditions as stated below.

The long term incentive programs align the interests of executives more closely with those of Ridley shareholders in rewarding sustained superior performance, whilst also fostering company-wide loyalty and staff retention through the Ridley Employee Share Scheme. Company policy prohibits employees from entering into any transaction that is designed or intended to hedge any exposure to Ridley securities.

Current long term incentive plans

Ridley Corporation Long Term Incentive Plan (LTIP)

The purpose of the LTIP is to provide long term rewards through the delivery of long term, sustainable business objectives that are directly linked to the generation of shareholder returns.

Under the LTIP, which was introduced in October 2006, selected executives and the Managing Director may be offered a number of performance rights (Right). Each Right provides the entitlement to acquire one Ridley share at nil cost.

Rights vest subject to continued employment (with an exclusion for cessation of employment for a Qualifying Reason such as death, disability or redundancy) and to Total Shareholder Return (TSR) performance relative to the companies ranked from 101 to 300 in the ASX/S&P 300 as defined at the date of grant. Performance is measured over the three-year period from the effective date of grant. 50% of the Rights vest if Ridley ranks at the 51st percentile, and 100% vest if Ridley ranks at the 75th percentile or above. There is straight line proportionate vesting of the balance from 51% to 100% between the 51st percentile and 75th percentile. The TSR of Ridley and the comparator companies is measured at the end of the performance test period by an independent third party, which submits a report detailing the extent of any vesting in accordance with the above rules. To the extent that the performance criteria are met, the Rights are automatically exercised to acquire shares. If the performance criteria are not satisfied, the Rights lapse.

TSR is the Company's preferred performance measure as it provides a comprehensive measure of Company performance against a comparator peer group from the perspective of value delivered to shareholders through a combination of share price growth, dividends and capital returns.

If Ridley is subject to a change of control during the vesting period, the Rights may vest to participants at that time, subject to performance testing and the discretion of the Board.

If a participant ceases employment prior to the end of the vesting period due to retirement, redundancy, permanent disability or death, any unvested Rights may vest to that participant, subject again to performance testing and the discretion of the Board. If a participant ceases employment prior to the end of the vesting period due to resignation, dismissal or any other reason that makes the participant no longer eligible to participate under the rules of the plan, any unvested Rights will lapse.

The shares to satisfy awards under the plan may be newly issued or purchased on-market, with the practice in recent years being to purchase the shares on-market.

During the year ended 30 June 2016, 2,800,000 (2015: 2,700,000) Rights were issued under the LTIP, of which 1,350,000 (2015: 1,225,000) were granted as remuneration to KMP and the balance issued to other, non-KMP senior executives within the organisation.

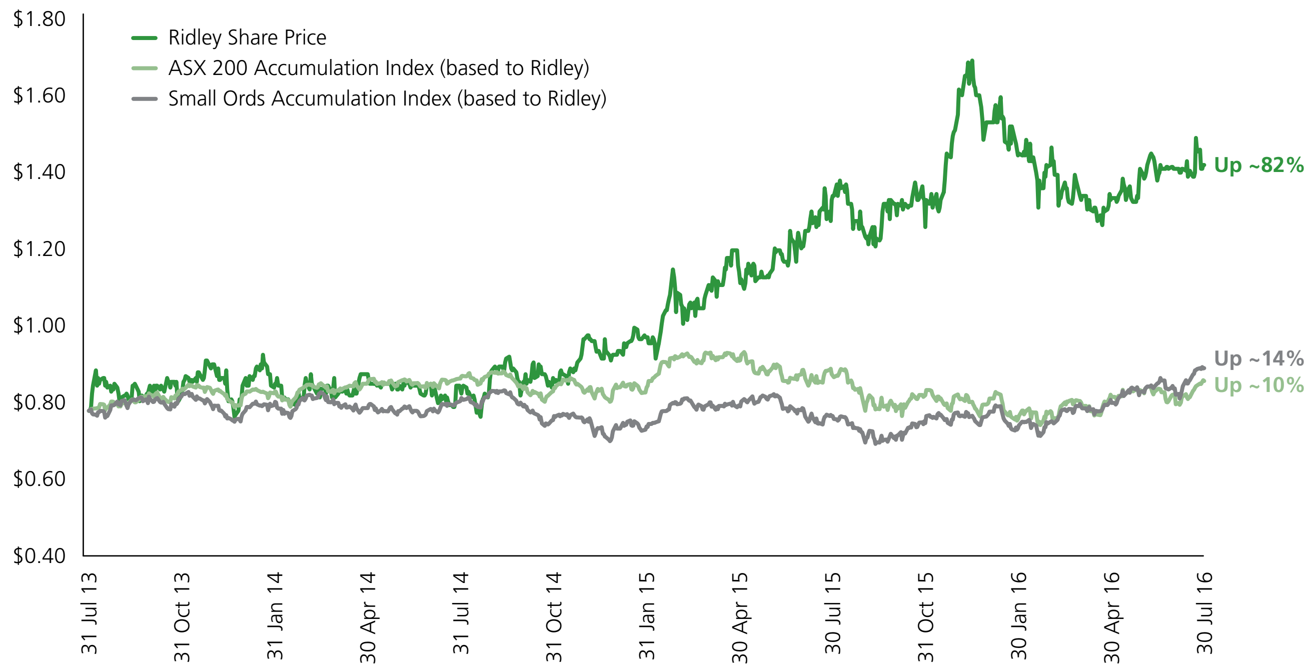
Summary of Ridley TSR performance

The following table provides a summary of Ridley TSR performance for each tranche of the LTIP Rights on issue at year end measured against the median percentage rankings amongst competitors and using 30 June 2016 as the hypothetical end date. TSR calculations use a 30-day average period rather than a single day start date for the commencement of each vesting period.

Start Date	TSR Ridley	Median TSR Comparison	Percentile	Number of Rights on Issue	Hypothetically Vested at 30 June 2016	Hypothetically Vested at 30 June 2016
1 July 2013	95.6%	(18.5%)	85.0	2,400,000	2,275,000	100%*
1 July 2014	79.9%	(10.5%)	84.5	2,575,000	2,450,000	100%
1 July 2015	19.4%	4.5%	66.0	2,675,000	2,132,813	81.3%

* All 2,275,000 Rights vested and 2,275,000 shares awarded on 1 July 2016.

Graph: Comparison of growth of Ridley Corporation Limited share price to the ASX Small Ords and ASX 200 Accumulation Index for FY14–FY16



Ridley Employee Share Scheme (Scheme)

Under the Scheme, shares are offered to all permanent Australian employees with a minimum of 12 months' service prior to the offer date, at a discount of up to 50%, and financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000 annually in accordance with current Australian taxation legislation. Dividends on the Scheme shares are applied against any loan balance until such balance is fully extinguished. The amount of the discount and number of shares allocated is at the discretion of the Directors. The purpose of the Scheme is to align employee and shareholder interests. 675,903 (2015: 770,256) shares were acquired on-market and allocated to participating employees under the Scheme during the year. The total value of the shares purchased on-market was $962,000 (2015: $909,000).

Shares purchased on-market

The following table reflects the number and total market value of shares that were acquired on-market and allocated to participating employees under the incentive plans during the financial year.

Incentive Plan	Number of Shares 2016	Number of Shares 2015	Market value 2016 $'000	Market value 2015 $'000
Employee Share Scheme	**675,903**	770,256	**962**	909
Long Term Incentive Plan*	**59,649**	1,100,713	**88**	1,061
Total	**735,552**	1,870,969	**1,050**	1,970

* Shares awarded under the Long Term Incentive Plan are issued on a pro-rata basis in respect of employees whose departure from the Ridley Group is for a qualifying reason as defined In the plan rules.

Directors and key management personnel

The following persons were the directors and executives with the greatest authority for the strategic direction and management of the Group (key management personnel or KMP) throughout the current financial year unless otherwise stated.

Name	Position	Status
Directors		
GH Weiss [a]	Chair	Appointed Chair on 1 July 2015
JM Spark [a]	Chair	Resigned on 1 July 2015
TJ Hart	Managing Director and CEO	
AL Vizard	Director	Resigned on 31 March 2016
PM Mann	Director	
RJ van Barneveld	Director	
E Knudsen	Director	
DJ Lord	Director	Appointed on 29 April 2016
Executives		
AM Boyd	Chief Financial Officer and Company Secretary	
M Murphy	General Manager Safety, People and Technical Development	Appointed 11 January 2016
M Robbins	General Manager Safety, People and Sustainability	Resigned 4 December 2015
CW Klem	General Manager Rendering	
AI Lochland	General Manager Packaged, Aqua-Feed and Supplements	
AM Mooney	General Manager Commercial Feed	
S Butler	General Manager Ridley Land Corporation Pty Ltd	Made redundant on 1 July 2016
J Murray	Non-Executive Director and Chairman of Ridley Land Corporation Pty Ltd	Resigned on 31 December 2015

(a) JM Spark resigned as Chair and from the Ridley Board on 1 July 2015. GH Weiss was appointed as Chair on 1 July 2015.

Details of remuneration

Details of the remuneration of each Director of Ridley Corporation Limited and each of the KMP of the Group during the financial year are set out below. In accordance with the requirements of Section 300A of the *Corporations Act 2001* and Regulation 2M.3.03, the remuneration disclosures for the 2015 and 2016 financial years only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP.

Details of remuneration continued

All values are in A$ unless otherwise stated.

2016	Short Term Benefits			Post-employment Benefits	Share-based Payments			
Name	Directors' Fees and Cash Salary $	STI $	Other Benefits $	Super-annuation $	Performance Rights/ Options $	Total $	%[1]	%[2]
Directors								
GH Weiss – Chair[3]	159,091	-	-	15,909	-	175,000	-	-
JM Spark – Chair	-	-	-	-	-	-	-	-
TJ Hart – Managing Director	692,630	594,104	-	50,000	323,257	1,659,991	19%	55%
AL Vizard[4, 5]	95,000	-	35,178	-	-	130,178	-	-
PM Mann	86,364	-	-	8,636	-	95,000	-	-
RJ van Barneveld[4]	96,979	-	-	4,156	-	101,135	-	-
E Knudsen[4]	85,000	-	-	-	-	85,000	-	-
DJ Lord[6]	13,473	-	-	1,347	-	14,820	-	-
Total Directors	**1,228,537**	**594,104**	**35,178**	**80,048**	**323,257**	**2,261,124**		
Executives								
AM Boyd	418,572	184,552	-	25,000	108,590	736,714	15%	40%
M Murphy[7]	234,073	76,800	-	23,567	28,090	362,530	8%	29%
M Robbins[8]	132,439	-	186,354	18,866	24,167	361,826	7%	7%
CW Klem	301,732	75,782	-	30,173	67,083	474,770	14%	30%
AI Lochland	301,732	80,834	-	30,173	68,340	481,079	14%	31%
AM Mooney	329,018	92,900	-	29,990	67,083	518,991	13%	31%
S Butler[9]	196,988	216,686	-	19,699	1,257	434,630	-	50%
J Murray[10]	36,364	-	153,774	3,636	-	193,774	-	-
Total executives	**1,950,918**	**727,554**	**340,128**	**181,104**	**364,610**	**3,564,314**		
Total	**3,179,455**	**1,321,658**	**375,306**	**261,152**	**687,867**	**5,825,438**		

1. Percentage remuneration consisting of performance rights/options.
2. Percentage remuneration performance related.
3. Appointed Chair 1 July 2015.
4. Director fee paid to a Company or Family Trust. Remuneration for RJ van Barneveld includes back pay for Chairing the Ridley Innovation and Operational Committee.
5. Resigned on 31 March 2016. Other Benefits reflect the payment of the 2003 retirement allowance scheme.
6. Appointed on 29 April 2016.
7. Appointed to a General Manager, KMP role on 11 January 2016.
8. Resigned on 4 December 2015. Other Benefits reflect benefits paid on departure.
9. Made redundant on 1 July 2016.
10. Resigned on 31 December 2015. Other Benefits reflect payment of preserved leave entitlements.

2015	Short Term Benefits		Post-employment Benefits	Share-based Payments			
Name	**Directors' Fees and Cash Salary $**	**STI $**	**Super-annuation $**	**Performance Rights/ Options $**	**Total $**	**%[1]**	**%[2]**
Directors							
JM Spark – Chair	159,091	-	15,909	-	175,000	-	-
TJ Hart – Managing Director	671,000	721,000	50,000	201,177	1,643,177	12%	56%
AL Vizard [3]	95,000	-	-	-	95,000	-	-
PM Mann	86,364	-	8,636	-	95,000	-	-
RJ van Barneveld	77,273	-	7,727	-	85,000	-	-
GH Weiss	77,273	-	7,727	-	85,000	-	-
E Knudsen [3]	85,000	-	-	-	85,000	-	-
Total Directors	**1,251,001**	**721,000**	**89,999**	**201,177**	**2,263,177**		
Executives							
AM Boyd	405,652	218,508	25,000	67,844	717,004	9%	40%
M Robbins	320,100	105,060	25,000	25,344	475,504	5%	27%
CW Klem	266,738	96,000	26,674	42,844	432,256	10%	32%
AI Lochland	270,268	96,000	27,026	42,844	436,138	10%	32%
AM Mooney	323,952	105,960	24,600	41,667	496,179	8%	30%
S Butler	258,825	216,686	25,882	1,177	502,570	0%	43%
J Murray	104,545	-	10,455	-	115,000	0%	0%
Total executives	**1,950,080**	**838,214**	**164,637**	**221,720**	**3,174,651**		
Total	**3,201,081**	**1,559,214**	**254,636**	**422,897**	**5,437,828**		

1. Percentage remuneration consisting of performance rights/options.
2. Percentage remuneration performance related.
3. Director fee paid to a Company or Family Trust.

The salary package may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits), motor vehicle and certain other benefits.

Contracts of employment

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement which includes provision of performance related bonuses and other benefits, eligibility to participate in the Ridley Corporation LTIP. Other major provisions of the agreements relating to remuneration are set out below:

TJ Hart, CEO and Managing Director

- Base remuneration, inclusive of superannuation and any elected benefits, of $742,630 for the 2016 financial year, increasing by 3% to $764,909 on 1 July 2016.
- Full scheme participation up to 100% of total base package based on the achievement of certain agreed KPIs as approved by the Board. The 60% of Ridley financial performance measures for FY16 included a mix of performance against budgeted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Net Profit After Tax, excluding property. The measures of personal performance include targets on safety, training, operational excellence, customer focus, sustainability and community, and people values and development.
- Eligible to participate in the Ridley LTIP and Ridley to use its best endeavours to obtain shareholder approval for the issue of equity securities under the scheme. Shareholder approval was received on 20 November 2015 for the 600,000 performance rights issued to Mr Hart in the financial year with a three-year performance test period commencing on 1 July 2015.
- Ridley may terminate the contract immediately for cause and with a 12 month period of notice without cause, being inclusive of any redundancy benefits payable to the executive. Payment of termination benefits on early termination by the employer is not to exceed the threshold above which shareholder approval is required under the *Corporations Act 2001*, and comprises any amount of the total remuneration package accrued but unpaid at termination, plus accrued but unpaid leave entitlements, and any other entitlements accrued under applicable legislation.
- The Managing Director may resign at any time and for any reason by giving Ridley three months' notice in writing.

Other senior executives have individual contracts of employment but with no fixed term of employment.

Details of remuneration continued

Notice periods

The notice period for terminating employment of KMP ranges from three months to six months for executives and 12 months for the Managing Director.

For each STI and grant of options and performance rights included in the above remuneration tables, the percentage of the available STI or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria, are set out in the following table.

Name	STI percentage Range of TEP %	STI payment in $	2016 Paid %	2016 Forfeited %	2015 Paid %	2015 Forfeited %
TJ Hart	0–100	594,104	**80%**	**20%**	100%	-
AM Boyd	0–50	184,552	**82%**	**18%**	100%	-
M Murphy	0–30	76,800	**80%**	**20%**	100%	-
M Robbins	0–30	22,675	**50%**	**50%**	100%	-
CW Klem	0–30	75,782	**76%**	**24%**	100%	-
AI Lochland	0–30	80,834	**81%**	**19%**	100%	-
AM Mooney	0–30	92,900	**85%**	**15%**	100%	-
S Butler	(i)	216,686	**100%**	**-**	100%	-
J Murray	0%	n/a	**n/a**	**n/a**	n/a	n/a

(i) Mr Butler had individual STI targets based on the achievement of property management and realisation objectives.

Equity instrument disclosures relating to Directors and executives

Performance rights provided as remuneration

Details of Rights over ordinary shares in the Company provided as remuneration to the Managing Director of Ridley Corporation Limited and each of the other key management personnel of the Group are set out below. When exercisable, each performance right is convertible into one ordinary share of Ridley Corporation Limited. Non-Executive Directors do not participate in the LTIP and are therefore ineligible to receive Rights.

Long Term Incentive Plan (LTIP)

Recipients of LTIP rights	Balance at 1 July 2015	Granted[1]	Vested[2]	Forfeited	Balance at 30 June 2016[3]	Date Exercised[4]
Directors						
TJ Hart	1,200,000	600,000	-	-	**1,800,000**	-
Key management personnel						
AM Boyd	400,000	200,000	-	-	**600,000**	-
M Murphy	100,000	50,000	-	-	**150,000**	-
M Robbins	125,000	125,000	(59,649)	(190,351)	**-**	4 Dec 2015
CW Klem	250,000	125,000	-	-	**375,000**	-
AI Lochland	250,000	125,000	-	-	**375,000**	-
AM Mooney	250,000	125,000	-	-	**375,000**	-
S Butler	-	-	-	-	**-**	-
J Murray	-	-	-	-	**-**	-
Total issued to Directors and key management personnel	**2,575,000**	**1,350,000**	**(59,649)**	**(190,351)**	**3,675,000**	**-**

1. The fair value per option at the grant date of 1 July 2015 was $0.61 per share.
2. Vested upon termination of employment on 4 December 2015.
3. Performance rights are due to vest between July 2016 through to July 2018.
4. The value at the 4 December 2015 date of exercise was $1.62 per share.

Shareholdings

The numbers of shares in the parent entity held during the financial year by each director of Ridley Corporation Limited and each of the KMP of the Group who hold shares, including their personally-related entities, are set out in the table below.

Number of shares held in Ridley Corporation Limited

	Balance at 1 July 2015	Received During the Year[1]	Holding at date of termination	Acquired/(Disposed) during the year	Balance at 30 June 2016
JM Spark	498,500	-	(498,500)	-	-
GH Weiss	50,000	-	-	100,000	150,000
TJ Hart	26,783	1,479	-	-	28,262
AL Vizard	48,658	-	(48,658)	-	-
PM Mann	96,625	-	-	-	96,625
RJ van Barneveld	58,900	-	-	-	58,900
E Knudsen	703,286	-	-	-	703,286
DJ Lord	-	-	-	18,200	18,200
Total Directors	**1,482,752**	**1,479**	**(547,158)**	**118,200**	**1,055,273**
AM Boyd	698,666	1,479	-	-	700,145
M Murphy	6,584	1,479	-	-	8,063
M Robbins	1,783	59,649	(61,432)	-	-
CW Klem	369,058	-	-	(39,729)	329,329
AI Lochland	1,783	1,479	-	-	3,262
AM Mooney	395,323	-	-	(24,999)	370,324
S Butler	172,820	1,479	(174,299)	-	-
J Murray	1,774,122	-	(1,774,122)	-	-
Total executives	**3,420,139**	**65,565**	**(2,009,853)**	**(64,728)**	**1,411,123**
Total key management personnel	**4,902,891**	**67,044**	**(2,557,011)**	**53,472**	**2,466,396**

1. Received from the vesting of performance rights and/or through the Ridley Employee Share Scheme.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

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 audit for the financial year ended 30 June 2016 there have been:

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

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

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
29 August 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

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	14	**16**	106
Profit from continuing operations before income tax expense		**40,315**	36,049
Income tax expense	6	**(13,112)**	(10,306)
Profit from continuing operations after income tax expense		**27,203**	25,743
Profit/(loss) from discontinued operation (net of tax)	10	**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	**Note**	**2016**	**2015**
Basic earnings per share – continuing	1	**8.8c**	8.4c
Basic earnings per share	1	**9.0c**	6.9c
Diluted earnings per share – continuing	1	**8.8c**	8.4c
Diluted earnings per share	1	**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 10).

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	7	**28,468**	34,991
Receivables	8	**112,352**	101,037
Inventories	9	**87,683**	81,703
Assets held for sale	10	**-**	34,133
Total current assets		**228,503**	251,864
Non-current assets			
Receivables	8	**5,537**	-
Investment properties	11	**3,140**	3,153
Property, plant and equipment	12	**160,209**	139,543
Intangible assets	13	**76,355**	78,194
Investments accounted for using the equity method	14	**3,663**	2,323
Deferred tax asset	15	**7,443**	1,476
Total non-current assets		**256,347**	224,689
Total assets		**484,850**	476,553
Current liabilities			
Payables	16	**145,916**	158,725
Provisions	17	**12,909**	12,766
Tax liability	15	**8,260**	7,148
Total current liabilities		**167,085**	178,639
Non-current liabilities			
Borrowings	18	**69,435**	67,693
Provisions	17	**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	19	**214,445**	214,445
Reserves	20	**2,170**	853
Retained earnings	20	**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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2015	**214,445**	**853**	**14,536**	**229,834**
Profit for the year	-	-	27,606	27,606
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**27,606**	**27,606**
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(10,774)	(10,774)
Share-based payment transactions	-	1,317	(99)	1,218
Total transactions with owners recorded directly in equity	**-**	**1,317**	**(10,873)**	**(9,556)**
Balance at 30 June 2016	**214,445**	**2,170**	**31,269**	**247,884**

	Share Capital $'000	Share-based Payment Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2014	**214,445**	**375**	**4,954**	**219,774**
Profit for the year	-	-	21,171	21,171
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**21,171**	**21,171**
Transactions with owners recorded directly in equity				
Dividends paid	-	-	(10,774)	(10,774)
Share-based payment transactions	-	478	(815)	(337)
Total transactions with owners recorded directly in equity	**-**	**478**	**(11,589)**	**(11,111)**
Balance at 30 June 2015	**214,445**	**853**	**14,536**	**229,834**

The above Consolidated Statement of Changes in Equity 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	7	**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	10	**19,000**	-
Proceeds from sale of non-current assets		**3,000**	3,472
Acquisition of investment in joint venture entity	14	**(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)
Draw-down of borrowings		**1,742**	12,109
Dividends paid	2	**(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	7	**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.

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TO AND FORMING PART OF THE FINANCIAL REPORT

Note 1 – Earnings per share

	2016 Cents	2015 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 Earnings Per Share		2015 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

Options

There are 7,650,000 (2015: 5,100,000) performance rights outstanding which have been excluded from the determination of diluted earnings per share calculation as the Group purchases shares on-market to satisfy vesting performance rights. Details relating to the performance rights are set out in note 25.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares on issue during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2 – 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
Paid in cash				**10,635**	10,647
Non-cash dividends paid on employee in-substance options				**139**	127
				10,774	10,774

Since the end of the financial year, the Directors declared the following dividend:

	2016 $'000	2015 $'000
2016 final dividend of 2.5 cents per share, fully franked, payable on 31 October 2016	**7,695**	6,156

Dividend franking account

	2016 $'000	2015 $'000
Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years	**11,487**	2,132

Note 3 – Operating segments

The Group determines and presents operating segments based on information that internally is provided to and used by the Managing Director, who is the Group's Chief Operating Decision Maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The financial results of each operating segment are regularly reviewed by the Group's Managing Director in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The Group has two reportable segments, as described below, which are the Group's strategic business units until such time as all surplus property assets have been realised, whereupon the property segment will cease to exist. The operating segments identified by management are consistent with the manner in which products are sold or how future economic benefits will be realised.

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.

The basis of inter-segmental transfers is market pricing. Results are calculated before consideration of net borrowing costs and tax expense. Segment assets exclude deferred tax balances and cash, which have been included as unallocated assets.

Note 3 – Operating segments continued

Geographical segments

The Group predominantly operates in Australasia.

2016 financial year $'000	AgriProducts	Property	Unallocated	Total	Property (Discontinued Operations)	Consolidated Total
Total sales revenue – external (note 4)	912,561	-	-	912,561	-	912,561
Other revenue (note 4)	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 (note 14)	16	-	-	16	-	16
Depreciation and amortisation expense (note 5)	(14,611)	(13)	(364)	(14,988)	-	(14,988)
Impairment of property, plant and equipment (note 5)	(1,053)	-	-	(1,053)	-	(1,053)
Interest income	-	-	183	183	-	183
Finance costs (note 5)	-	-	(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

2015 financial year $'000	AgriProducts	Property	Unallocated	Total	Property (Discontinued Operations)	Consolidated Total
Total sales revenue – external (note 4)	907,599	-	-	907,599	-	907,599
Other revenue (note 4)	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 (note 14)	106	-	-	106	-	106
Depreciation and amortisation expense (note 5)	(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 (note 5)	-	-	(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

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

Revenue recognition

Revenue from the sale of goods in the course of ordinary business is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Sales revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer. The Group recognises revenue when pervasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Interest income is recognised using the effective interest rate method. Dividend income is recognised as revenue when the right to receive payment is established.

Note 5 – Expenses

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

	2016 $'000	2015 $'000
(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.

	2016 $'000	2015 $'000
(b) Finance costs		
Interest expense	**5,405**	5,212
Amortisation of borrowing costs	**317**	119
Capitalisation of borrowing costs	**(120)**	-
	5,602	5,331

Finance costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets, being assets which normally take more than 12 months from commencement of activities necessary to prepare for their intended use or sale to the time when substantially all such activities are complete. Where funds are borrowed specifically for the production of a qualifying asset, the interest on those funds is capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate.

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

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits of ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

(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 and 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.

Note 6 – Income tax expense

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by unused tax losses.

Ridley Corporation Limited and its wholly owned Australian controlled entities are part of a tax consolidated group. The entities in the tax consolidated group are party to a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ridley Corporation Limited. The agreement provides for the allocation of income tax liabilities between the entities should Ridley Corporation Limited default on its tax payment obligations. At balance date the possibility of default is considered to be remote.

	2016 $'000	2015 $'000
(a) Income tax expense		
Current tax	14,633	9,246
Deferred tax	221	403
Under provided in prior year	453	262
Aggregate income tax expense	15,307	9,911
Income tax expense is attributable to:		
Profit from continuing operations	13,112	10,306
Profit/(loss) from discontinued operation	2,195	(395)
	15,307	9,911
(b) Reconciliation of income tax expense and pre-tax accounting profit		
Profit from continuing operations before income tax expense	40,315	36,049
Profit/(loss) from discontinued operation before income tax expense	2,597	(4,967)
	42,912	31,082
Income tax using the Group's tax rate of 30%	12,874	9,325
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	36	23
Non-deductible expenses	343	390
Under provision in prior year	453	262
Research and development allowance	(238)	(850)
Disposal of discontinued operation	2,476	-
Disposal of land	(381)	-
Impairment of Bluewave and Dry Creek	-	744
Other	(256)	17
Income tax expense	15,307	9,911
(c) Income tax recognised directly in equity		
Aggregate current and deferred tax arising in the period and not recognised in net comprehensive income but directly debited or (credited) to equity	-	-

Note 7 – Cash and cash equivalents

Cash and cash equivalents comprise cash balances in Australian dollars and foreign currencies.

	2016 $'000	2015 $'000
Cash at bank	**28,468**	34,991

Reconciliation of net cash inflow from operating activities to profit after income tax

	2016 $'000	2015 $'000
Net profit after tax for the year	**27,606**	21,171
Adjustments for non-cash items:		
Depreciation and amortisation (note 5(a))	**14,988**	14,920
Net profit from discontinued operation (note 10)	**(4,469)**	-
Net profit on sale of land	**(2,242)**	-
Non-cash insurance proceeds receivable (note 5(e))	**(832)**	-
Impairment of Bluewave and Dry Creek	**-**	2,480
Share of profit from equity accounted investment	**(16)**	(106)
Non-cash share-based payments	**2,049**	1,430
Non-cash finance expenses	**317**	119
Bad debts expense	**339**	(12)
Foreign exchange gains	**(121)**	(1,531)
Other non-cash movements	**(546)**	(592)
Change in operating assets and liabilities, net of effects from purchase and sale of controlled entities and businesses:		
Decrease/(increase) in receivables	**(1,765)**	(4,666)
Decrease/(increase) in inventories	**(5,980)**	(17,044)
Increase/(decrease) in trade creditors	**(12,809)**	29,308
Increase/(decrease) in provisions	**202**	(930)
Increase/(decrease) in net income tax liability	**1,112**	2,915
Increase/(decrease) in deferred income tax	**(221)**	(403)
Net cash inflow from operating activities	**17,612**	47,059

Note 8 – Receivables

	2016 $'000	2015 $'000
Current		
Trade debtors	**100,904**	99,245
Less: Allowance for doubtful debts	**(1,000)**	(32)
	99,904	99,213
Prepayments	**1,819**	1,824
Insurance income receivable	**832**	-
Dry Creek deferred consideration receivable	**9,797**	-
	112,352	101,037
Non-current		
Dry Creek deferred consideration receivable	**5,537**	-

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

The allowance for doubtful debts is established when there is objective evidence that the Group may not be able to collect all amounts owing in accordance with the original terms of the receivable and where suitable insurance arrangements or collateral do not cover any uncollected amounts. In determining the recoverability of the receivables, the Group considers any material changes in the credit quality of the receivable on an ongoing basis. The allowance for doubtful debts and the receivables written off are included in 'general and administrative' expense in the Consolidated Statement of Comprehensive Income.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Consolidated Statement of Comprehensive Income.

Doubtful debts

	2016 $'000	2015 $'000
Movement in the allowance for doubtful debts		
Balance brought forward at 1 July	**32**	51
Provision for impairment movement during the year	**1,339**	(12)
Receivables written off during the year	**(371)**	(7)
Balance carried forward at 30 June	**1,000**	32

As at 30 June 2016, trade receivables against which a provision for doubtful debts has been raised totals $5,563,000 (2015: $482,000). This is considered to be adequate provision against the balance of any overdue receivables to the extent they are not covered by collateral and/or credit insurance. Based on historic default rates and having regard to the ageing analysis referred to immediately below, the Group believes that, apart from those trade receivables which have been impaired, no further impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days, as receivables relate to customers that have a good payment record with the Group.

Ageing analysis

At 30 June 2016, the age profile of trade receivables that were past due amounted to $11,157,000 (2015: $3,950,000) as shown in the following table. As at the date of this report, the value of an overdue receivable relating to one major customer totals $13,626,000 and Ridley has initiated proceedings to recover this debt in accordance with the Group's credit policy.

	2016 $'000	2015 $'000
The ageing analysis of trade receivables is shown as follows:		
Past due by 1–30 days	**9,068**	3,223
Past due by 31–60 days	**1,729**	392
Past due by 61–90 days	**178**	68
Past due by greater than 90 days	**182**	267
	11,157	3,950

Note 9 – Inventories

	2016 $'000	2015 $'000
Current		
Raw materials and stores – at cost	**48,573**	42,660
Raw materials and stores – at net realisable value	**-**	1,170
Finished goods – at cost	**39,110**	37,873
	87,683	81,703

There have been no write-downs of inventories to net realisable value (2015: $0.3 million) recognised as an expense during the year.

Inventories are valued at the lower of cost and net realisable value. Costs are determined on the first in, first out and weighted average cost methods. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Note 10 – Assets held for sale and discontinued operations

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

	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 10(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)**

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

The carrying amounts of assets and liabilities as at the date of sale completion (2 June 2016) were:

	2016 $'000
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.

Note 11 – Investment properties

Investment property is property held either to earn rental income, for capital appreciation, or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Expenditure capitalised to investment properties includes the cost of acquisition, capital and remediation additions. Any gain or loss on disposal and impairments of an investment property are recognised in the Consolidated Statement of Comprehensive Income.

Depreciation is calculated using the straight line method to allocate deemed cost, net of residual values, over the estimated useful lives of the assets, and for buildings over a 40-year period.

	2016 $'000	2015 $'000
Movement in investment properties		
Carrying amount at cost at 1 July	3,153	37,177
Additions – provision for remediation of Dry Creek site	-	849
Impairment of Dry Creek assets	-	(1,396)
Transfer of Dry Creek to assets held for sale	-	(33,463)
Depreciation expense	(13)	(14)
Carrying amount at cost at 30 June	3,140	3,153

Investment properties comprise former salt field sites at Lara and Moolap that have ceased operating and are held for the purpose of property realisation. The Dry Creek site was transferred to assets held for sale in FY15 and sold on 2 June 2016.

Note 11 – Investment properties continued

A fair value range for the sites at Lara and Moolap cannot be determined reliably at the present time given that the respective locations do not have local established industrial or residential infrastructure which would enable a reliable valuation benchmark to be determined. Furthermore, the value of each site also varies significantly depending upon which stage of the progressive regulatory approvals required for redevelopment has been attained at balance date. Consequently, the value of these sites has been recorded at cost less impairment and depreciation.

	2016 $'000	2015 $'000
Amounts recognised in profit and loss for investment properties:		
Direct operating expenses that did not generate rental income	**965**	6,980

Note 12 – Property, plant and equipment

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
2016			
Cost at 1 July 2015	57,815	202,071	259,886
Accumulated depreciation	(4,988)	(115,355)	(120,343)
Carrying amount at 1 July 2015	**52,827**	**86,716**	**139,543**
Additions	257	33,913	34,170
Impairment	(5)	(1,048)	(1,053)
Transfers to intangible assets	-	(59)	(59)
Transfers from plant under construction	2,694	(2,694)	-
Depreciation	(1,314)	(11,078)	(12,392)
Carrying amount at 30 June 2016	**54,459**	**105,750**	**160,209**
At 30 June 2016			
Cost	**60,509**	**222,903**	**283,412**
Accumulated depreciation	**(6,050)**	**(117,153)**	**(123,203)**
Carrying amount at 30 June 2016	**54,459**	**105,750**	**160,209**
2015			
Cost at 1 July 2014	46,274	180,887	227,161
Accumulated depreciation	(4,027)	(104,532)	(108,559)
Carrying amount at 1 July 2014	**42,247**	**76,355**	**118,602**
Additions	7,950	25,877	33,827
Disposals	(144)	(326)	(470)
Transfers to intangible assets	-	(496)	(496)
Transfers from plant under construction	3,871	(3,871)	-
Depreciation	(1,097)	(10,823)	(11,920)
Carrying amount at 30 June 2015	**52,827**	**86,716**	**139,543**
At 30 June 2015			
Cost	**57,815**	**202,071**	**259,886**
Accumulated depreciation	**(4,988)**	**(115,355)**	**(120,343)**
Carrying amount at 30 June 2015	**52,827**	**86,716**	**139,543**

Property, plant and equipment

Land and buildings, plant and equipment are stated at cost, or deemed cost, less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	13 to 40 years
Plant and equipment	2 to 30 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the Consolidated Statement of Comprehensive Income.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in comprehensive income over the period necessary to match them with the costs that they are intended to compensate. The value of Government grants relating to the purchase of property, plant and equipment is deducted from the carrying amount of the asset. The grant is recognised in comprehensive income over the life of the depreciable asset as a reduced depreciation expense.

A Victorian Government Grant of $800,000 has been awarded by, and $191,000 received in the current year from, the Geelong Region Innovation & Investment Fund (GRIIF) as a contribution to plant and equipment purchased for Ridley's new feedmill at Lara, Geelong, Victoria. The balance of the grant will be received in the 2017 financial year upon satisfaction of the final project milestone and commissioning of the new feedmill which will service poultry and pig customers in the region.

Note 13 – Intangible assets

	Software $'000	Goodwill $'000	Contracts $'000	Licence $'000	Total $'000
2016					
Carrying amount at 1 July 2015	5,345	68,950	3,000	899	**78,194**
Transfer from property, plant and equipment/additions	59	-	-	698	**757**
Amortisation charge	(1,846)	-	(750)	-	**(2,596)**
Carrying amount at 30 June 2016	**3,558**	**68,950**	**2,250**	**1,597**	**76,355**
At 30 June 2016					
Cost	**14,062**	**69,903**	**4,500**	**1,597**	**90,062**
Accumulated amortisation/impairment losses	**(10,504)**	**(953)**	**(2,250)**	**-**	**(13,707)**
Carrying amount at 30 June 2016	**3,558**	**68,950**	**2,250**	**1,597**	**76,355**

The amortisation charge is included within general and administrative expenses in the Consolidated Statement of Comprehensive Income.

Note 13 – Intangible assets continued

	Software $'000	Goodwill $'000	Contracts $'000	Licence $'000	Total $'000
2015					
Carrying amount at 1 July 2014	6,927	68,950	4,161	453	**80,491**
Transfer from property, plant and equipment/additions	496	-	-	446	**942**
Amortisation charge	(1,839)	-	(1,161)	-	**(3,000)**
Disposals	(239)	-	-	-	**(239)**
Carrying amount at 30 June 2015	**5,345**	**68,950**	**3,000**	**899**	**78,194**
At 30 June 2015					
Cost	**18,898**	**69,903**	**5,350**	**899**	**95,050**
Accumulated amortisation/impairment losses	**(13,553)**	**(953)**	**(2,350)**	**-**	**(16,856)**
Carrying amount at 30 June 2015	**5,345**	**68,950**	**3,000**	**899**	**78,194**

Intangible assets

(i) Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. The cost of system development, including purchased software, is capitalised and amortised over the estimated useful life, being three to eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates, accounted for using the equity method. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(iii) Contracts and licence

The contracts and licence intangible assets represents acquired contractual legal rights which have finite useful lives and which are amortised over periods of between five and 20 years, according to the period of the contractual legal rights. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Research and development expenditure

Research and development expenses of $5,875,000 have been incurred in the current year (2015: $5,500,000), which are included in general and administration costs in the Consolidated Statement of Comprehensive Income.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Consolidated Statement of Comprehensive Income as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends, and has sufficient resources, to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses as part of either intangibles or property, plant and equipment.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that have previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairments during the year

There were no impairments of intangible assets during the year.

Impairment testing for goodwill

$56.6 million of goodwill has been recognised in the Rendering Cash Generating Unit (CGU), whilst the balance has been accumulated from a combination of other CGUs over many years as summarised below:

	2016 $'000	2015 $'000
Rendering	**56,616**	56,616
AgriProducts	**12,334**	12,334
Total	**68,950**	68,950

The recoverable amount of a CGU is based on value-in-use calculations. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill. These assumptions have been used for the analysis of goodwill in each CGU.

(i) Cash flow forecasts are based on the Board approved FY17 budget, projected for four years plus a terminal value.

(ii) Forecast growth rates are based on management's expectations of future performances. The growth rate represents a steady indexation rate which does not exceed the Group's expectations of the long term average growth rate for the business in which each CGU operates. The growth rates applied to cash flows beyond one year were 2% (2015: 2%). A growth rate of 2% is applied to the terminal value.

(iii) Discount rates used are the weighted average cost of capital for the Group. The post-tax discount rate applied to cash flows was 9.2% (2015: 10.2%).

A sensitivity analysis was undertaken to examine the effect of a change in each key variable on each CGU. For all CGUs, a reasonably possible change in these inputs would not cause the recoverable amount to be materially below the carrying amount.

Note 14 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest 2016 %	Ownership Interest 2015 %	Carrying Amount 2016 $'000	Carrying Amount 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 Feed Mill Co.[3]	Aqua-feed 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 aqua-feed 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.

Note 14 – Investments accounted for using the equity method continued

Investments in associates and joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, and are carried at cost by the respective parent entity. The common balance date of the associate and joint venture entities is 30 June.

	2016 $'000	2015 $'000
Carrying amount of investments accounted for using the equity method		
Opening carrying amount at 1 July	**2,323**	2,217
Share of operating profits after income tax	**16**	106
Acquisition of Pen Ngern Feed Mill Co. Ltd	**1,324**	-
Closing carrying amount at 30 June	**3,663**	2,323

Summarised financial information of equity accounted investees, not adjusted for the percentage ownership held by the Group, is provided following.

	2016 $'000	2015 $'000
Current assets	**3,985**	3,960
Non-current assets	**8,387**	3,155
Total assets	**12,372**	7,115
Current liabilities	**4,051**	2,665
Non-current liabilities	**4,733**	212
Total liabilities	**8,784**	2,877
Net assets	**3,588**	4,238
Revenue	**12,505**	15,594
Net profit after tax	**64**	475

There are no material reserves or contingent liabilities of the equity accounted investees.

Note 15 – Tax assets and liabilities

	2016 $'000	2015 $'000
Current		
Tax liability	**8,260**	7,148
Non-current		
Deferred tax asset	**7,443**	1,476
Movement in deferred tax asset/(liability):		
Opening balance at 1 July	**1,476**	1,879
Credited/(charged) to the Statement of Comprehensive Income (note 6)	**(221)**	(403)
Disposal of subsidiary	**6,188**	-
Closing balance at 30 June	**7,443**	1,476

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Consolidated						
Intangibles	**-**	-	**(1,627)**	(1,917)	**(1,627)**	(1,917)
Doubtful debts	**-**	10	**-**	-	**-**	10
Property, plant and equipment	**3,748**	3,355	**(109)**	(6,439)	**3,639**	(3,084)
Employee entitlements	**5,057**	5,152	**-**	-	**5,057**	5,152
Provisions	**81**	291	**-**	-	**81**	291
Other	**293**	1,024	**-**	-	**293**	1,024
Tax assets/(liabilities)	**9,179**	9,832	**(1,736)**	(8,356)	**7,443**	1,476

Movement in net deferred tax assets and liabilities

	Balance 1 July 2014 $'000	Recognised in Profit or Loss $'000	Balance 30 June 2015 $'000	Recognised in Profit or Loss $'000	Disposal of Subsidiary $'000	Balance 30 June 2016 $'000
Consolidated						
Intangibles	(1,998)	81	**(1,917)**	290	-	**(1,627)**
Doubtful debts	15	(5)	**10**	(10)	-	**-**
Property, plant and equipment	(3,099)	15	**(3,084)**	535	6,188	**3,639**
Employee entitlements	4,515	637	**5,152**	(95)	-	**5,057**
Provisions	730	(439)	**291**	(210)	-	**81**
Other	1,716	(692)	**1,024**	(731)	-	**293**
Tax asset/(liability)	1,879	(403)	**1,476**	(221)	6,188	**7,443**

Income tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable comprehensive income.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Note 16 – Payables

	2016 $'000	2015 $'000
Current		
Trade creditors and accruals	**145,916**	158,725

Trade payable facility

The Group has a trade payable facility which is an unsecured funding arrangement for the purposes of funding trade related payments associated with the purchase of various raw materials from approved suppliers. Trade bills of exchange are paid by the facility direct to the importer and the Group pays the facility on 180-day terms within an overall facility limit of $50,000,000 (2015:$50,000,000). The amount utilised and recorded within trade creditors at 30 June 2016 was $36,004,244 (2015: $41,900,457).

Note 17 – Provisions

	2016 $'000	2015 $'000
Current		
Employee entitlements	**12,909**	12,766
Non-current		
Employee entitlements	**446**	387

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for employee entitlements

Current liabilities for wages and salaries, including non-monetary benefits, short term incentive payments, annual leave, accumulating sick leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in accruals and provisions for employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefit on-costs, including payroll tax, are recognised and included in both employee benefit liabilities and costs.

The non-current liability for long service leave expected to be settled more than 12 months from the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the timing of estimated future cash outflows.

Note 18 – Borrowings

	2016 $'000	2015 $'000
Non-current		
Bank loans	**69,435**	67,693

The bank loans are subject to bank covenants based on financial ratios of the Group. As at 30 June 2016, and throughout all relevant times during the financial year ended 30 June 2016, the Group was in compliance with these covenants. The bank loans are unsecured.

Total loan facilities available to the Group in Australian dollars

	2016		2015	
	Limits $'000	Utilised $'000	Limits $'000	Utilised $'000
Long term loan facility (a)	**160,000**	**70,000**	100,000	68,000
Cash	**-**	**(28,468)**	-	(34,991)
	160,000	**41,532**	100,000	33,009

(a) Long term loan facility

On 18 April 2016, a Third Amendment Deed to the original 28 December 2010 dual bank facility was executed. The amended facility is a combination of floating core debt funding of $80 million (reduced from $100 million) plus an additional $80 million of five year, fixed term project funding with a maturity date extended from 31 January 2019 to 18 April 2021. The borrowing facility comprises unsecured bank loans with floating interest rates subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements. The key covenant ratios under the facility remain interest cover, debt cover, gearing and consolidated net worth. The Group is in compliance with all facility covenants.

Offsetting of financial instruments

The Group does not set off financial assets with financial liabilities in the consolidated financial statements. Under the terms of the loan facility agreement, if the Group does not pay an amount when due and payable, the bank may apply any credit balance in any currency in any account that the Group has with the bank, in or towards satisfaction of that amount.

As at 30 June 2016, the value of legally enforceable cash balances which upon default or bankruptcy would be applied to the loan facility is $28,468,000 (2015: $34,991,000).

Note 19 – Share capital

	Parent Entity	
	2016 $'000	2015 $'000
Fully paid up capital:		
307,817,071 ordinary shares with no par value (2015: 307,817,071)	**214,445**	214,445

There were no movements in issued capital or number of shares on issue in either of the financial years.

Ordinary shares

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares entitle the holder to receive dividends and the proceeds on winding up the interest in proportion to the number of shares held. On a show of hands, every shareholder present at a shareholders' meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Group manages capital to ensure it maintains optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the optimal cost of capital available to the Group.

The Group reviews, and where appropriate, adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. The Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital through the gearing ratio (net debt/total equity). The gearing ratios as at 30 June are as follows:

	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%

Note 20 – Reserves and retained earnings

	2016 $'000	2015 $'000
Reserves		
Share-based payments reserve		
Opening balance at 1 July	**853**	375
Options and performance rights expense	**2,049**	1,430
Share-based payment transactions	**(831)**	(1,767)
Retained earnings transfer	**99**	815
Closing balance at 30 June	**2,170**	853

The share-based payments reserve is used to recognise the fair value of performance rights and options issued to employees in relation to equity settled share-based payments.

	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 21 – Investment in controlled entities

The ultimate parent entity within the Group is Ridley Corporation Limited.

Name of Entity	Country of Incorporation	Class of Shares	Ownership Interest 2016	Ownership Interest 2015
Ridley AgriProducts Pty Ltd and its controlled entity	Australia	Ordinary	**100%**	100%
CSF Proteins Pty Ltd	Australia	Ordinary	**100%**	100%
Barastoc Stockfeeds Pty Ltd	Australia	Ordinary	**100%**	100%
RCL Retirement Pty Limited	Australia	Ordinary	**100%**	100%
Ridley Land Corporation Pty Ltd and its controlled entities	Australia	Ordinary	**100%**	100%
Lara Land Development Corporation Pty Ltd	Australia	Ordinary	**100%**	100%
Ridley Dry Creek Pty Ltd[1]	Australia	Ordinary	**-**	100%
Moolap Land Development Corporation Pty Ltd	Australia	Ordinary	**100%**	100%

1. Sold on 2 June 2016.

Note 22 – Parent entity

As at 30 June 2016 and throughout the financial year ending on that date, the parent entity of the Group was Ridley Corporation Limited.

	2016 $'000	2015 $'000
Result of the parent entity		
Profit for the year	**11,147**	33,534
Comprehensive income for the year	**-**	-
Total comprehensive income for the year	**11,147**	33,534
Financial position of the parent entity at year end		
Current assets	**15,938**	3,347
Non-current assets	**310,398**	298,695
Total assets	**326,336**	302,042
Current liabilities	**11,892**	11,284
Non-current liabilities	**69,530**	67,693
Total liabilities	**81,422**	78,977
Net assets	**244,914**	223,065
Total equity of the parent entity comprising of:		
Share capital	**214,445**	214,445
Share-based payment reserve	**2,170**	853
Retained earnings	**28,299**	7,767
Total equity	**244,914**	223,065
GST liabilities of other entities within the GST group	**758**	347

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees the debts of certain of its subsidiaries which are party to the deed.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in note 23.

Note 23 – Deed of Cross Guarantee

Ridley Corporation Limited, Ridley AgriProducts Pty Ltd and CSF Proteins Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the other entities.

During the current financial year, Ridley Dry Creek Pty Ltd was sold and removed as a party to the Deed of Cross Guarantee on 2 June 2016.

The above companies represent a Closed Group for the purposes of the ASIC Class Order, which governs the operation and establishment of the Deed of Cross Guarantee. As there are no other parties to the Deed of Cross Guarantee that are controlled but not wholly owned by Ridley Corporation Limited, they also represent the Extended Closed Group.

(a) Summarised Consolidated Statement of Comprehensive Income

	2016 $'000	2015 $'000
Profit before income tax	**40,315**	36,049
Income tax expense	**(13,112)**	(10,306)
Profit/(loss) from discontinued operation (net of tax)	**403**	(4,572)
Profit after income tax	**27,606**	21,171

Note 23 – Deed of Cross Guarantee continued

(b) Summary of movements in retained profits

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

(c) Balance Sheet

	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	**-**	34,133
Total current assets	**228,503**	251,864
Non-current assets		
Investments accounted for using the equity method	**3,663**	2,323
Receivables	**5,537**	-
Property, plant and equipment	**160,209**	139,543
Intangible assets	**76,355**	78,194
Deferred tax asset	**7,443**	1,476
Total non-current assets	**253,207**	221,536
Total assets	**481,710**	473,400
Current liabilities		
Payables	**142,776**	155,572
Tax liabilities	**8,260**	7,148
Provisions	**12,909**	12,766
Total current liabilities	**163,945**	175,486
Non-current liabilities		
Borrowings	**69,435**	67,693
Provisions	**446**	387
Total non-current liabilities	**69,881**	68,080
Total liabilities	**233,826**	243,566
Net assets	**247,884**	229,834
Equity		
Share capital	**214,445**	214,445
Reserves	**2,170**	853
Retained earnings	**31,269**	14,536
Total equity	**247,884**	229,834

Note 24 – Related party disclosures

Investments

Information relating to investments accounted for using the equity method is set out in note 14.

Transactions with associated entities are on normal commercial terms and conditions in the ordinary course of business, unless terms and conditions are covered by shareholder agreements.

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 26.

Transactions and balances with related parties

	2016 $'000	2015 $'000
Transactions with related parties were as follows:		
Sales of products – associate	**4,407**	6,326
Purchases of products – associate	**12,994**	15,594
Outstanding balances with related parties were as follows:		
Current payable – associate	**375**	706

Outstanding balances are unsecured and repayable in cash.

Key management personnel compensation

	2016 $	2015 $
Short term employee benefits	**4,501,113**	4,760,295
Post-employment benefits	**261,152**	254,636
Other benefits	**375,306**	-
Share-based payments	**687,867**	422,897
Total key management personnel compensation	**5,825,438**	5,437,828

Note 25 – Share-based payments

	2016 $'000	2015 $'000
Share-based payment expense		
Shares issued under the employee share scheme	**575**	508
Performance rights issued under long term incentive plan	**1,474**	922
Total share-based payment expense	**2,049**	1,430

Share-based payment arrangements

Ridley Corporation Long Term Incentive Plan

The purpose of the Ridley Corporation Long Term Incentive Plan (LTIP) is to provide long term rewards that are linked to shareholder returns. Under the LTIP, selected executives and the Managing Director may be offered a number of performance rights (Right). Each Right provides the entitlement to acquire one Ridley share at nil cost subject to the satisfaction of performance hurdles.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured by an independent third party expert at grant date and recognised over the three-year vesting period during which the employees become unconditionally entitled to the performance rights.

The fair value at grant date is determined using a binomial option pricing model that takes into account the exercise price, term of the option, vesting and performance criteria, impact of dilution, non-tradeable nature of the performance rights, share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the performance rights.

Note 25 – Share-based payments continued

Current year issues under the Ridley Corporation Long Term Incentive Plan

The model inputs for the performance rights granted during the reporting period under the LTIP included:

Grant date	1 July 2015
Expiry date	30 June 2018
Share price at grant date	$1.27
Fair value at grant date	$0.61
Expected price volatility of the Company's shares	24%
Expected dividend yield	3.2%
Risk-free interest rate	2.0%

The expected share price volatility is based on the historic volatility (based on the remaining life of the performance rights), adjusted for any expected changes to future volatility due to publicly available information.

Details of performance rights outstanding under the plans at balance date are as follows:

2016

Grant Date	Expiry Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Vested During the Year	Balance at End of the Year
Long Term Incentive Plan						
1 July 2013	1 July 2016	2,400,000	-	-	-	2,400,000
1 July 2014	1 July 2017	2,700,000	-	(65,351)	(59,649)	2,575,000
1 July 2015	1 July 2018	-	2,800,000	(125,000)	-	2,675,000
		5,100,000	**2,800,000**	**(190,351)**	**(59,649)**	**7,650,000**

2015

Grant Date	Expiry Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Vested During the Year	Balance at End of the Year
Long Term Incentive Plan						
5 December 2011	5 December 2014	1,532,524	-	(431,811)	(1,100,713)	-
1 July 2013	1 July 2016	2,475,000	-	(75,000)	-	2,400,000
1 July 2014	1 July 2017	-	2,700,000	-	-	2,700,000
		4,007,524	**2,700,000**	**(506,811)**	**(1,100,713)**	**5,100,000**

Ridley Employee Share Scheme

At the 1999 Annual General Meeting, shareholders approved the introduction of the Ridley Employee Share Scheme. Under the scheme, shares are offered to all permanent Australian employees with a minimum of 12 months' service as at the date of offer and at a discount of up to 50%. The maximum discount per employee is limited to $1,000 annually in accordance with relevant Australian taxation legislation. The amount of the discount and number of shares allocated is at the discretion of the Directors. The purpose of the scheme is to align employee and shareholder interests.

Shares issued to employees under the Ridley Employee Share Scheme vest immediately on grant date. Employees can elect to receive an interest free loan to fund the purchase of the shares. Dividends on the shares are allocated against the balance of any loan outstanding. The shares issued are accounted for as 'in-substance' options which vest immediately. The fair value of these 'in-substance' options is recognised as an employee benefit expense with a corresponding increase in equity. The fair value at grant date is independently determined using a binomial option pricing model.

The fair value at grant date of the options issued during the year through the employee share scheme was measured based on the binomial option pricing model using the following inputs:

Grant date	20 May 2016
Restricted life	3 years
Fair value at grant date	$0.85
Expected price volatility of the Company's shares	25%
Expected dividend yield	3.3%
Risk free interest rate	2.3%

Ridley Employee Share Scheme movements

2016 Number of shares

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Balance at End of the Year	Exercisable at End of the Year
29 January 2002	29 January 2005	$0.82	37,000	-	(2,000)	35,000	35,000
28 January 2003	28 January 2006	$0.74	68,850	-	(5,400)	63,450	63,450
5 April 2005	5 April 2008	$0.77	97,875	-	(9,135)	88,740	88,740
10 April 2006	10 April 2009	$0.66	122,796	-	(9,096)	113,700	113,700
13 April 2007	13 April 2010	$0.57	147,756	-	(15,831)	131,925	131,925
11 April 2008	11 April 2011	$0.56	200,816	-	(25,102)	175,714	175,714
3 April 2009	3 April 2012	$0.34	345,852	-	(47,296)	298,556	298,556
30 April 2010	30 April 2013	$0.61	280,016	-	(52,096)	227,920	227,920
30 April 2011	30 April 2014	$0.66	295,568	-	(52,780)	242,788	242,788
30 April 2012	30 April 2015	$0.61	352,302	-	(67,814)	284,488	284,488
26 April 2013	26 April 2016	$0.41	773,058	-	(89,947)	683,111	683,111
23 May 2014	23 May 2017	$0.48	912,450	-	(82,950)	829,500	-
31 May 2015	31 May 2018	$0.66	770,256	-	(69,537)	700,719	-
20 May 2016	20 May 2019	$0.85	-	675,903	-	675,903	-
			4,404,595	**675,903**	**(528,984)**	**4,551,514**	**2,345,392**
Weighted average exercise price			$0.54	$0.85	$0.55	$0.59	$0.53

The 'Exercisable at end of the year' column in the above and following tables reflects the fact that the options outstanding have a weighted average contractual life of three years (2015: three years).

2015 Number of shares

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Balance at Start of the Year	Granted During the Year	Exercised During the Year	Balance at End of the Year	Exercisable at End of the Year
29 January 2002	29 January 2005	$0.82	43,000	-	(6,000)	37,000	37,000
28 January 2003	28 January 2006	$0.74	81,000	-	(12,150)	68,850	68,850
5 April 2005	5 April 2008	$0.77	109,620	-	(11,745)	97,875	97,875
10 April 2006	10 April 2009	$0.66	133,408	-	(10,612)	122,796	122,796
13 April 2007	13 April 2010	$0.57	167,105	-	(19,349)	147,756	147,756
11 April 2008	11 April 2011	$0.56	216,953	-	(16,137)	200,816	200,816
3 April 2009	3 April 2012	$0.34	384,280	-	(38,428)	345,852	345,852
30 April 2010	30 April 2013	$0.61	306,064	-	(26,048)	280,016	280,016
30 April 2011	30 April 2014	$0.66	321,204	-	(25,636)	295,568	295,568
30 April 2012	30 April 2015	$0.61	377,112	-	(24,810)	352,302	352,302
26 April 2013	26 April 2016	$0.41	797,368	-	(24,310)	773,058	-
23 May 2014	23 May 2017	$0.48	931,410	-	(18,960)	912,450	-
31 May 2015	31 May 2018	$0.66	-	770,256	-	770,256	-
			3,868,524	**770,256**	**(234,185)**	**4,404,595**	**1,948,831**
Weighted average exercise price			$0.52	$0.66	$0.56	$0.54	$0.58

Note 26 – Retirement benefit obligations

Superannuation

The Group sponsors the Ridley Superannuation Plan – Australia which is administered by Mercer. The fund provides available benefits on a defined contribution basis for employees or their dependents on retirement, resignation, total and permanent disability, death and in some cases, on temporary disablement. The members and the Group make contributions as specified in the rules of the plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in comprehensive income in the periods during which services are rendered by employees.

Group contributions in terms of awards and agreements are legally enforceable, and in addition, contributions for all employees have to be made at minimum levels for the Group to comply with its obligations. Other contributions are in the main not legally enforceable, with the right to terminate, reduce or suspend these contributions upon giving written notice to the trustees.

Benefits are based on an accumulation of defined contributions. The amount of contribution expense recognised in the Consolidated Statement of Comprehensive Income for the year is $5,180,000 (2015: $4,935,000).

Note 27 – Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency, fair value interest rate and price), credit, liquidity and cash flow interest rate risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the Board. Management evaluates and hedges financial risks where appropriate. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks and investing excess liquidity.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the relevant entity's functional currency. The Group is exposed to foreign exchange risk through the purchase and sale of goods in foreign currencies.

Forward contracts and foreign currency bank balances are used to manage foreign exchange risk. Management is responsible for managing exposures in each foreign currency by using external forward currency contracts and purchasing foreign currency that is held in US dollar, New Zealand dollar and Euro bank accounts. Where possible, borrowings are made in the currencies in which the assets are held in order to reduce foreign currency translation risk. The Group does not hedge account on forward foreign currency contracts.

Foreign currency cash and forward exchange contracts

The Group holds foreign currency bank accounts in US dollars, New Zealand dollars and Euros which are translated into AUD using spot rates. These foreign currency bank accounts, and at times forward foreign exchange contracts, are entered into for purchases and sales denominated in foreign currencies. The Group classifies forward foreign exchange contracts as financial assets and liabilities and measures them at fair value. At 30 June 2016, the net fair value of forward exchange contracts resulting in a liability of nil (2015: nil) has been recognised by the Group for the fair value of forward foreign exchange contracts.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

		2016			2015	
$'000 Australian dollars	**USD**	**NZD**	**EUR**	**USD**	**NZD**	**EUR**
Cash	**12,338**	**945**	**4,512**	12,885	1,823	9,599
Payables	**-**	**-**	**(953)**	(68)	-	-
Net balance sheet exposure	**12,338**	**945**	**3,559**	12,817	1,823	9,599

Foreign currency sensitivity

A change of a 10% strengthening or weakening in the closing exchange rate of the foreign currency bank balances at the reporting date for the financial year would have increased or decreased the Group's reported comprehensive income and the Group's equity by $1,618,000 (2015: $2,201,000). A sensitivity of 10% has been selected as this is considered reasonable taking into account the current level of exchange rates and the volatility observed both on a historical basis and on market expectations for future movements. The Directors cannot and do not seek to predict movements in exchange rates.

(b) Interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to ensure that the interest cover ratio does not fall below the ratio limit set by the Group's financial risk management policy. At balance date, bank borrowings of the Group were incurring an average variable interest rate of 4.0% (2015: 4.2%).

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

	Interest rate	2016 $'000	Interest rate	2015 $'000
Variable rate instruments				
Cash	**-**	**28,468**	-	34,991
Bank loans	**4.0%**	**70,000**	4.2%	68,000

Interest rate sensitivity

A change of 100 basis points in interest rates at the reporting date annualised for the financial year would have increased or decreased the Group's reported comprehensive income and equity by $486,000 (2015: $474,000).

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the risk arises principally from the Group's receivables from customers.

Refer to note 8 and note 29 in respect of actions initiated by Ridley since balance date to recover overdue debts. The Group has no other significant concentrations of credit risk that are not covered by collateral and/or credit insurance. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group holds collateral and/or credit insurance over certain trade receivables.

Derivative counterparties and cash transactions are limited to financial institutions with a high credit rating. The Group has policies that limit the amount of credit exposure to any one financial institution.

The maximum exposure to credit risk at the reporting date was:

	2016 $'000	2015 $'000
Trade receivables	**99,904**	99,213
Other receivables	**15,920**	-
Cash and cash equivalents	**28,468**	34,991
	144,292	134,204

Further credit risk disclosures on trade receivables are disclosed in note 8.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The ultimate responsibility for liquidity risk management rests with the Board which has established an appropriate risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group's corporate treasury function manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Details of finance facilities are set out in notes 16 and 18.

Note 27 – Financial risk management continued

The following tables disclose the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount $'000	Less than 1 Year $'000	1 to 2 Years $'000	2 to 3 Years $'000	3 to 4 Years $'000	4 to 5 Years $'000	Total Contractual Cash Flows $'000
2016							
Non-derivative financial liabilities							
Trade and other payables	**145,916**	**145,916**	**-**	**-**	**-**	**-**	**145,916**
Bank loans	**69,435**	**5,382**	**5,382**	**5,382**	**5,382**	**74,817**	**96,345**
	215,351	**151,298**	**5,382**	**5,382**	**5,382**	**74,817**	**242,261**
2015							
Non-derivative financial liabilities							
Trade and other payables	158,725	158,725	-	-	-	-	158,725
Bank loans	67,693	5,334	5,334	5,334	73,027	-	89,029
	226,418	164,059	5,334	5,334	73,027	-	247,754

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(e) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans, borrowings, trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Consolidated Statement of Comprehensive Income.

(f) Fair values

Fair values versus carrying amounts

The carrying amount of financial assets and liabilities approximates their fair value.

Note 28 – Commitments for expenditure

	2016 $'000	2015 $'000
During the year ending 30 June, the Group entered into contracts which are not yet settled to purchase plant and equipment for:	**14,512**	10,639
Total Group commitments for non-cancellable operating leases:		
Due within one year	**4,431**	3,341
Due within one to two years	**3,407**	3,051
Due within two to five years	**5,214**	3,203
Due after five years	**657**	704
	13,709	10,299

The Group has leases for land, buildings and equipment under operating leases.

Note 29 – Contingent liabilities

Guarantees

The Group is, in the normal course of business, required to provide certain guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance obligations. These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligations.

	2016 $'000	2015 $'000
Bank guarantees	**954**	559

Sale of Dry Creek

Prior to the disposal of Ridley Dry Creek Pty Ltd, the Government of South Australia verbally indicated an intent to establish a liability fund in connection with the surrender of the mining leases held by Ridley Dry Creek Pty 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 during the past year. Under the share sale agreement to dispose of Ridley Dry Creek Pty Ltd, Ridley Corporation Limited retains responsibility for making such financial contribution to any such fund as may be attributable to the period for which Ridley Dry Creek owned or operated the site.

Litigation

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 $1.0 million has been raised and included in the determination of the 2016 consolidated Ridley result, and supply to the customer ceased in July 2016.

At the time of preparing this financial report, some companies included in the Group are parties to pending certain legal proceedings, the outcome of which is not known. The entities are defending, or prosecuting, these proceedings as they are entitled to do. The Directors have assessed the impact on the Group from the individual actions to be immaterial. No material losses are anticipated in respect of any of the above contingent liabilities. There were no other material contingent liabilities in existence at balance date.

Note 30 – Auditor's remuneration

	2016 $	2015 $
(a) Audit and review of financial reports		
Auditors of the Company		
KPMG Australia	**342,058**	357,229
(b) Other services		
Auditors of the Company		
KPMG Australia – in relation to other assurance, taxation and due diligence services	**109,522**	331,410
Total remuneration of auditors	**451,580**	688,639

Note 31 – Events occurring after the balance sheet date

Refer to the Litigation section of note 29 Contingent Liabilities in respect of a post balance date event comprising the initiation of proceedings initiated by Ridley to recover an outstanding debt.

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.

Note 32 – Corporate information and accounting policy summary

Ridley Corporation Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements as at, and for the year ended, 30 June 2016 comprise Ridley Corporation Limited, the 'parent entity', its subsidiaries and the Group's interest in equity accounted investments. Ridley Corporation Limited and its subsidiaries together are referred to in this financial report as 'the Group'. The Group is a for-profit entity and is primarily involved in the manufacture of high performance animal nutrition solutions.

The financial report was authorised for issue by the Directors on 29 August 2016.

The principal accounting policies adopted in the preparation of the financial report are set out in either the relevant note to the accounts or below. These policies have been consistently applied to all the years presented. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of preparation

Statement of compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (AASBs) (including Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

Application of new and revised accounting standards and interpretations

The Group has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current year. New and revised standards and amendments thereof, and interpretations effective for the current year that are relevant to the Group, include:

- **AASB 2015-3 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 current or prior period, and are not likely to affect future periods.

  The following standards, amendments and interpretations, are effective for annual periods beginning after 1 July 2016 and have been identified as those which may impact the Group in the period of initial application. They have not been applied in preparing this consolidated financial report.

- **AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9**

  AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. The standard is not applicable until 1 January 2018 but is available for early adoption. The Group is yet to assess its full impact but considers it is not likely to have a material effect.

- **AASB 15 Revenue from contracts with customers**

  The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard is not applicable until 1 January 2018. The Group is yet to assess its full impact but it is not likely to have a material effect.

- **AASB 16 Leases**

  AASB 16 will replace the current accounting standard on leases AASB 117. AASB 16 introduces a single lessee accounting model and requires the lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard is not applicable until 1 January 2019. The Group is yet to assess its full impact but as the Group has operating leases it is likely to increase both assets and liabilities in the balance sheet and impact the classification and timing of expenses in the income statement.

Note 32 – Corporate information and accounting policy summary continued

Basis of preparation continued

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis (unless otherwise stated) except for the following items in the balance sheet:

- derivative financial instruments at fair value through comprehensive income; and
- cash settled share-based payment arrangements, which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Rounding of amounts

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 financial report. Amounts in the consolidated financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of goodwill and other non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (Cash Generating Units, or CGUs). Refer to note 13 for further details on impairment testing.

(ii) Investment properties

The Group measures investment properties at cost. A fair value range cannot be determined reliably given that the respective locations do not have local established industrial or residential infrastructure which would enable a reliable valuation benchmark to be determined. Furthermore, the value of each site also varies significantly depending upon which stage of the progressive regulatory approvals required for redevelopment has been attained at balance date. Where reliable estimates of fair value are obtainable, they are factored into the annual assessment of the property's carrying value. The valuation of investment properties requires judgement to be applied in selecting appropriate valuation techniques and setting valuation assumptions. The Group periodically engages independent valuers to provide an indicative value for its material investment properties in the context of assessing for impairment. Refer to note 11 for further details on investment properties.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivative financial instruments

The fair values of forward exchange contracts are estimated using listed market prices if available. If a listed market price is not available, then the fair value is estimated by discounting the contractual cash flows at their forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

(ii) Non-derivative financial assets and liabilities

The net fair value of cash and non-interest bearing monetary financial assets and liabilities of the Group approximates their carrying amounts.

Basis of consolidation – business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Note 32 – Corporate information and accounting policy summary continued

Basis of preparation continued

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Interests in equity-accounted investees

Associates are those entities where the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net amounts of the arrangement, rather than rights to its assets and obligations for liabilities. Investments in associates and joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates and joint venture entities includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' and joint venture entities' post-acquisition profits or losses is recognised in the Consolidated Statement of Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable reduce the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint venture entities are eliminated to the extent of the Group's interests in the associates and joint venture entities. Accounting policies of associates and joint venture entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Ridley Corporation Limited (the Company):

   (a) The consolidated financial statements and notes set out on pages 53 to 90 and the Remuneration Report are in accordance with the *Corporations Act 2001*; including:

      (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

      (ii) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the financial year ended on that date.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe the members of the Extended Closed Group identified in note 23 will be able to meet any obligations or liabilities to which they are or may be become subject, by virtue of the Deed of Cross Guarantee, between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

4. The financial statements also comply with International Financial Reporting Standards as disclosed in note 32.

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

GH Weiss
Director

TJ Hart
Director

Melbourne
29 August 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the financial report

We have audited the accompanying financial report of Ridley Corporation Limited (the Company), which comprises the consolidated balance sheet as at 30 June 2016, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 32, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 32.

Report on the remuneration report

We have audited the Remuneration Report included in pages 43 to 51 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ridley Corporation Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
29 August 2016

SHAREHOLDER INFORMATION
AS AT 25 AUGUST 2016

	Number of Holders	Number of Securities	% Held By 20 Largest Holders
Holdings of securities – ordinary shares			
Each fully paid	7,456	307,817,071	74.22

Number Held	Number of Ordinary Holders	Number of Ordinary Shares
Distribution of holdings – ordinary shares		
1 to 1,000*	1,291	575,455
1,001 to 5,000	2,652	7,963,242
5,001 to 10,000	1,528	11,749,765
10,001 to 100,000	1,889	44,970,676
100,001 and Over	96	242,557,933

* There are 572 holders of less than a marketable parcel of shares.

20 Largest Fully Paid Shareholders	Number of Ordinary Holders	% of Fully Paid Ordinary Shares
Citicorp Nominees Pty Limited	90,723,694	29.47
J P Morgan Nominees Australia Limited	51,662,769	16.78
HSBC Custody Nominees (Australia) Limited	32,282,414	10.49
National Nominees Limited	24,453,695	7.94
BNP Paribas Noms Pty Ltd <DRP>	10,872,425	3.53
BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	4,518,502	1.47
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	2,340,361	0.76
L J Thomson Pty Ltd	1,600,000	0.52
RCL Retirement Pty Ltd	1,430,693	0.46
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,331,330	0.43
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	1,216,571	0.40
Mrs Barbara Hirschowitz	1,024,000	0.33
HSBC Custody Nominees (Australia) Limited – A/C 2	844,237	0.27
HSBC Custody Nominees (Australia) Limited-GSCO ECA	826,464	0.27
Moggs Creek Pty Ltd <Superannuation Fund A/C>	663,000	0.22
Mr James Fong Seeto	625,000	0.20
ESCOR Equities Consolidated Pty Ltd	550,000	0.18
UBS Nominees Pty Ltd	526,030	0.17
Mr Russell N Lyons	520,063	0.17
Alan Boyd	500,145	0.16
	228,511,393	74.22

Substantial Shareholders	% Holding
Insitor Holdings LLC/AGR Partners LLC	19.73%
Lazard Asset Management	9.74%
Ellerston Capital	5.64%
Dimensional Fund Advisors Group	5.18%

Directors' holdings

On 25 August 2016, the Directors of Ridley Corporation Limited had an interest in the following shares and performance rights of the Company.

	Fully Paid Ordinary Shares	Ridley Performance Rights
TJ Hart	28,262	1,800,000*
RJ van Barneveld	58,900	-
E Knudsen	703,286	-
DJ Lord	18,200	-
PM Mann	96,625	
GH Weiss	150,000	-

* Mr T Hart's performance rights were approved by shareholders at the 2013, 2014 and 2015 Annual General Meetings. 600,000 of these performance rights approved at the 2013 Annual General Meeting were tested on 1 July 2016 and have fully vested, thereby converting into 600,000 ordinary Ridley shares in accordance with the terms and conditions of the Ridley Long Term Incentive Plan.

Voting rights

As at 25 August 2016, the number of holders of fully paid ordinary shares with full voting rights was 7,456. On a show of hands, every person who is a member or a representative of a member has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share held. A shareholder may appoint a maximum of two proxies to represent them at general meetings.

GLOSSARY

AASB	Australian Accounting Standards Board
AASBs	Australian Accounting Standards
AFGC	Australian Food and Grocery Council
AGM	Annual General Meeting
ARA	Australian Renderers Association
ASX	Australian Securities Exchange
Board	Ridley Board of Directors
CBD	Central Business District
CCP	Calls for Commercial Proposals
CEO	Ridley Chief Executive Officer and Managing Director
CGU	Cash Generating Unit
Committee	Remuneration Committee
Company	Ridley Corporation Limited
CSF Proteins Melbourne	Rendering business at Laverton, Victoria
Deed	Deed of Indemnity between Company and its Directors and executive officers
DOES	(Garvan's) Dubbo Osteoporosis Epidemiology Study
EBIT	Earnings Before Interest and Tax
EEO	Equal Employment Opportunity
EES	Environmental Effects Statement
EoI	Expression of Interest
EOS	Employee Opinion Survey
FCTR	Foreign Currency Translation Reserve
Fund	Ridley Superannuation Plan – Australia
FY13	2013 Financial year
FY14	2014 Financial year
FY15	2015 Financial year
FY16	2016 Financial year
Garvan	Garvan Institute of Medical Research
GRG	Godfrey Remuneration Group
Group	Ridley Corporation Limited and its subsidiaries
GST	Goods and Services Tax
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMS	Inventory Management System
KMP	Key management personnel
KPI	Key Performance Indicators
KPMG	Independent External Auditor of Ridley
LTIFR	Long Term Injury Frequency Rate
LTIP	Ridley Corporation Long Term Incentive Plan
Managing Director	Ridley Chief Executive Officer and Managing Director
MOU	Memorandum of Understanding
NGER	National Greenhouse and Energy Reporting Act 2007 (Cth)
NPPTD	New Product, Process and Technical Development
PEPR	Program for Environmental Protection and Rehabilitation
R&D	Research and development
RCEP	Regional Comprehensive Economic Partnership
Recommendations	ASX Corporate Governance Council – the Corporate Governance Principles and Recommendations
Ridley	Ridley Corporation Limited
Rights	Performance Rights issued under the LTIP
RIOC	Ridley Innovation and Operational Committee
Scheme	Ridley Employee Share Scheme
SFMCA	Stockfeed Manufacturers Council of Australia
STI	Short Term Incentive
TEP	Total Employment Package
TPP	Trans Pacific Partnership
TRFR	Total Recordable Frequency Rate
TSR	Total Shareholder Return
US	United States of America
VWAP	Volume Weighted Average Price
WGEA	Workplace Gender Equality Agency

CORPORATE DIRECTORY

Ridley Corporation Limited
ABN 33 006 708 765

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CSF Proteins Pty Limited
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RIDLEY