Ridley Corporation Limited

Appendix 4E Preliminary final report

ABN 33 006 708 765

Results for announcement to the market

Reporting period:	Financial year ended 30 June 2018
Previous corresponding period:	Financial year ended 30 June 2017
Release date:	22 August 2018

	$A'000
Revenue from continuing operations	Up 7.6% to 917,660
Profit from continuing operations after tax	Down 32.6% to 17,409
Net profit for the period attributable to members	Down 32.6% to 17,409
Total comprehensive income attributable to members	Down 30.5% to 17,929

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	2.75	100%
Interim dividend	1.50	100%

After the balance sheet date, a 2018 final dividend of 2.75 cents per share, fully franked and payable on 31 October 2018 was declared by the directors.

Record date for determining entitlements to the final dividend	26 October 2018

	30 June 2018	30 June 2017
Net tangible asset backing per ordinary share	0.59	0.59

Brief Explanation

See pages 2 to 9.

Audit statement

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

RIDLEY DELIVERS NET PROFIT OF $17.9 MILLION

For statutory reporting purposes, the Consolidated Profit and Loss (**Table 1**) reports total comprehensive income for the year of $17.9 million (**m**) and a pre-tax profit from continuing operations of $21.7m.

Table 1	**2018** **$'000**	2017 $'000
Profit from continuing operations before income tax	**21,719**	34,287
Income tax expense	**(4,310)**	(8,472)
Profit from continuing operations after income tax	**17,409**	25,815
Other comprehensive income, net of income tax	**520**	-
Total comprehensive income for the year	**17,929**	25,815

OPERATING RESULT

The consolidated Group has recorded Earnings Before Interest and Tax (**EBIT**) of $38.0m (**Table 2**), comprising an Operating result before non-recurring items of $43.3m, including net profit on Property of $4.2m less Corporate costs of $9.5m.

Sales revenue for FY18 of $917.7m was up $64.7m (7.5%) on last year's $852.9m, and reflects 2.05m (2017: 1.93m) tonnes of stockfeed and rendered product sold.

The reported operating EBIT of $43.3m is $2.5m below last year's $45.8m as a result of the loss of Red Lea poultry raw material supply at Maroota. Positive year on year earnings improvements have been recorded in Dairy, Beef and Sheep, Laverton Rendering, Supplements and Poultry, while the result for Packaged Products has been impacted by some margin shrinkage arising from the absorption of increased raw material prices. Mid-year increases in energy costs have again challenged the business and impacted the cost structure for the second half year.

Corporate costs have been contained to be consistent with prior years.

Net finance costs for the year of $4.6m reflect interest on bank debt, the trade payables facility and the amortisation of establishment and other fees, offset by $0.2m for the unwinding of the discount on the final payment of $6.0m of deferred consideration from the sale of Dry Creek received in December 2017.

The $4.4m income tax expense and 19.8% effective tax rate for FY18 includes a $3.4m tax benefit for non-recurring items. The low rate reflects an overprovision in the prior year and a tax benefit from a significant increase in Research and Development (**R&D**) activity, much of which is associated with the Novacq™ project and a full year of applied R&D activities at Yamba in NSW.

The pre-tax non-recurring items of $11.6m comprises the incremental costs associated with the management, storage, processing, fumigation, freight and inventory write down of raw materials and finished goods purchased and manufactured respectively to service the former Huon supply agreement which was terminated in the prior year following a legal dispute which was resolved in June 2017. The tax effected impact of this item is c.$8.2m.

A pre-tax mark to market uplift of $0.7m for the investment in a UK-listed specialist ingredients business has contributed $0.5m of Other comprehensive income, post-tax, for the year.

PROFIT AND LOSS

Table 2 – Profit and loss account in $ million

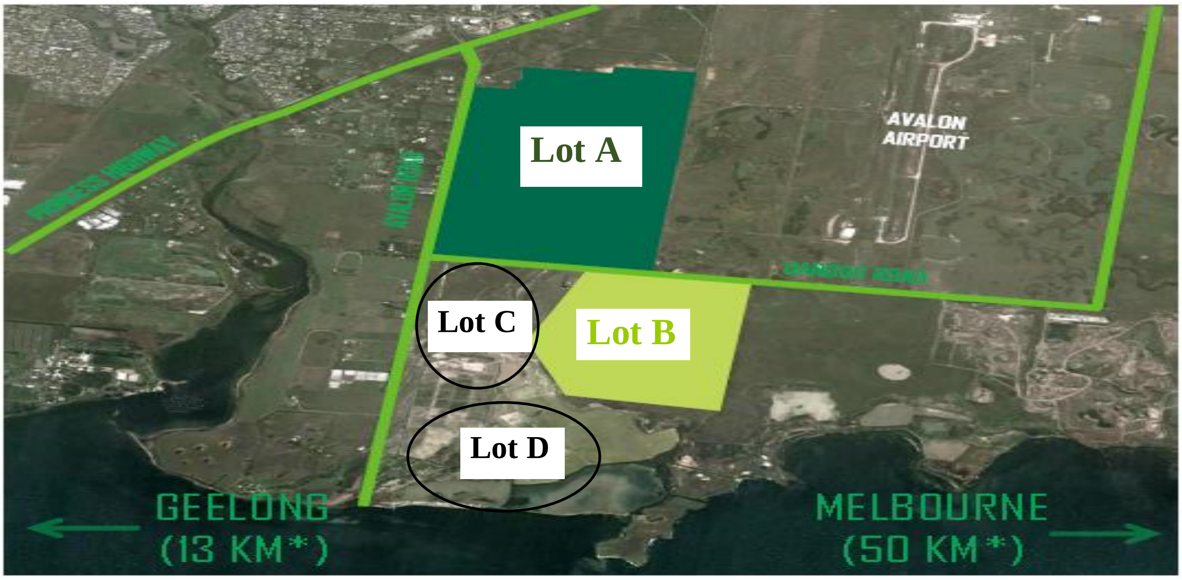
Earnings from operations before net interest and tax expense (EBIT):	**2018**	**2017**	**Movement**
Ridley operations	43.3	45.8	(2.5)
Corporate costs	(9.5)	(9.9)	0.4
Property net profit/(costs)	4.2	(1.0)	5.2
EBIT from operations before non-recurring costs	**38.0**	**34.9**	**3.1**
Net Finance costs	(4.6)	(5.0)	0.4
Income tax expense - continuing	(7.8)	(7.3)	(0.5)
Net profit from continuing operations after tax before non-recurring items	**25.6**	**22.6**	**3.0**
Other non-recurring items before tax	(11.6)	4.3	(15.9)
Tax on other non-recurring items	3.4	(1.1)	4.5
Reported net profit	**17.4**	**25.8**	**(8.4)**
Other comprehensive income, net of tax	0.5	-	0.5
Total comprehensive income for the year	**17.9**	**25.8**	**(7.9)**
Earnings per share (cents)			**Movement**
(i) continuing	**5.7**	**8.4**	**(2.7)**
(ii) reported	**5.7**	**8.4**	**(2.7)**

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

The $4.2m net profit recorded for the Property segment in Table 2 above reflects the sale of Lot B plus two other smaller lots during the year for total proceeds of $6.1m offset by the relevant property cost bases and by the ongoing landholding costs at the former saltfield sites at Lara and Moolap.

Subsequent to balance date, sales contracts were executed to sell Lots A and C for total proceeds of $9.5m, with a twelve month option agreement also executed for a land-based aquaculture business to acquire Lot D, the only remaining Ridley land at Lara (**Table 3**). Deferred consideration for the sales of Lots A, B and C is receivable at twelve month intervals over the coming four years.

Table 3 – Lara land



BALANCE SHEET

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

(i) A $1.2m increase in net debt for the year from $51.7m to $52.8m.

(ii) A $12.2m decrease in current receivables to $104.0m, which includes the payment in July 2017 of the $17.7m receivable following the resolution of the Huon legal dispute.

(iii) A $7.0m reduction in inventory to $76.7m which reflects a $8.4m write off of all Huon legacy inventory at balance date.

(iv) A new current assets held for sale classification of $1.1m, which reflects the residual historical cost base of Lara land either sold in July 2018 or subject to an option agreement to sell in FY19 subject to purchaser due diligence. For FY17, this asset was reported within non-current investment properties.

(v) A $7.8m increase in non-current receivables to $8.6m to comprise (i) the net present value of the $3.0m of gross deferred consideration receivable more than 12 months after balance date in respect of the $5.0m Lara property sale which was completed and reported on 28 June 2018; and (ii) an unsecured loan of $5.3m to the Thailand feedmill joint venture.

(vi) A $1.9m reduction in non-current Investment properties to $1.3m which, following the reclassification under (iv) above and property sales during the year, now only represents the Nelson Cove development site at Moolap, carried at historical cost.

(vii) A $19.8m increase in Non-current Property, plant and equipment to $202.6m, which reflects another significant year of investment and the first $12.4m of activity for the new extrusion plant at Westbury. There have been several other significant profit improvement and capital maintenance projects conducted during the year, notably the establishment of the Novacq^{TM} production ponds at Chanthaburi and the installation of a new test extruder line, fat coater and pellet cooler at Narangba.

(viii) A $0.2m reduction in Non-current Investments accounted for using the equity method to $1.1m, which comprises the carrying value of the 49% ownership interest in the Pen Ngern Feed Mill in Thailand and reflects Ridley's share of its operating loss for the financial year.

BALANCE SHEET (CONTINUED)

(ix) A $1.0m increase in Non-current Other investments to $2.3m, which reflects (i) the write off of the Bluewave Pty Ltd investment, and (ii) the purchase of a 1.2% equity interest in a UK-listed specialist ingredients business, uplifted to reflect the last traded value for that stock prior to 30 June 2018.

DIVIDEND

The Board paid a 2017 final dividend of 2.75 cents per share, fully franked, on 31 October 2017 and a 2018 interim dividend of 1.5 cents per share, fully franked, on 30 April 2018.

After the balance sheet date, a 2018 final dividend of 2.75 cents per share, fully franked and payable on 31 October 2018 was declared by the directors. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2018 and will be recognised in subsequent financial reports.

CASH FLOW AND WORKING CAPITAL

The operating cash inflow for the year (**Table 4**) after working capital movements and maintenance capital expenditure was $43.9m, an improvement of $6.3m on last year's $37.6m.

EBITDA before non-recurring items has risen from $50.1m in the prior year to $55.3m in FY18, an improvement of $5.2m.

Maintenance capital expenditure of $15.1m was below the $17.3m aggregate charge for depreciation and amortisation on Property, plant and equipment. Ridley has invested a further $21.1m in development projects during the year, the largest of which reflects commencement of activity for the new extrusion plant at Westbury, Tasmania.

Payments for intangible assets of $4.3m comprise the capitalisation of Novacq™ development costs.

Dividends paid for the year of $12.9m comprise the 2017 final dividend of 2.75 cents per share paid on 31 October 2017 and the interim FY18 dividend of 1.5 cents per share which was paid on 30 April 2018.

Proceeds from the sale of the discontinued operation of $6.0m, reflect the receipt of the final instalment in respect of the Dry Creek property sale. The $1.2m sale of property assets represents the aggregate proceeds from two of the properties sold during the year at Lara, with the deposit of $0.5m relating to the third 28 June 2018 property sale in transit at balance date and banked on 2 July 2018.

The payment for the other investment of $1.8m represents the on-market purchase of a 1.2% shareholding in a UK-listed specialist ingredients business.

Tax payments of $5.9m were made during the year (FY17: $14.7m) and are considered to be sufficient to cover the full year liability for FY18.

CASH FLOW AND WORKING CAPITAL (CONTINUED)

Table 4 – Statement of cash flows in $ million

Cash flows for the year ended	30 June 2018	30 June 2017
EBIT from operations before non-recurring costs	38.0	34.9
Depreciation and amortisation	17.3	15.2
EBITDA before non-recurring items	**55.3**	**50.1**
EBITDA from non-recurring items	(11.6)	4.3
EBITDA after non-recurring items	**43.7**	**54.4**
Add back non-cash write off of Huon inventory legacy	8.4	-
(Increase)/Decrease in working capital	6.9	(2.6)
Maintenance capital expenditure	(15.1)	(14.2)
Operating cash flow	**43.9**	**37.6**
Development capital expenditure	(21.1)	(19.6)
Payment for intangibles (software and assets under development)	(4.3)	(3.6)
Dividends paid	(12.9)	(12.2)
Share-based payments	(4.2)	(4.2)
Proceeds from sale of Discontinued Operation (Dry Creek)	6.0	10.0
Proceeds from sale of property assets and associate	1.2	3.5
Payment for Other investment	(1.8)	-
Net finance cost payments	(4.6)	(5.5)
Net tax payments	(5.9)	(14.7)
Other items	2.6	(1.8)
Cash flow for the period	**(1.2)**	**(10.5)**
Opening net debt balance at 1 July	(51.6)	(41.1)
Closing net debt balance at 30 June	**(52.8)**	**(51.6)**

The cash flow summary with a prior period comparison provided in Table 4 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 4 is useful for users as it reflects the underlying cash flows of the business.

EARNINGS PER SHARE

	2018 Cents	2017 Cents
Basic earnings per share – continuing	**5.7**	8.4
Basic earnings per share	**5.7**	8.4

GEARING

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

Gearing	**2018 $'000**	2017 $'000
Gross debt	**76,222**	68,079
Less: cash	**(23,441)**	(16,535)
Net debt	**52,781**	51,544
Total equity	**263,107**	259,823
Gearing ratio	**20.1%**	19.8%

CAPITAL MOVEMENTS

During FY18, a total of 3,116,507 (FY17: 3,023,250) shares were acquired by the Company on market for an outlay of $4.2m (FY17: $4.2m) in satisfaction of:

(i) the issue of 2,430,232 (FY17: 2,400,000) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan; and

(ii) 686,275 (FY17: 623.250) shares allocated under the Ridley Employee Share Scheme.

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

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. At the date of this report, the residual sites are now the former saltfield at Moolap and a single residual lot, Lot D at Lara.

RISKS

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

- Cyclical fluctuations impacting the demand for animal nutrition products - by operating in several business sectors within the domestic economy, (namely poultry and pig, dairy, aqua, beef and sheep, packaged products and rendering) some of which have a positive or negative correlation with each other, Ridley is not dependent upon a single business sector and is able to spread the sector and adverse event risk across a diversified portfolio.

- Influence of the domestic grain harvest - through properly managed procurement practices and many of our customers retaining responsibility for the supply of raw materials, the impact of fluctuations in raw material prices associated with domestic and world harvest cycles is mitigated.

- Influence of natural pasture on supplementary feed decision making - whilst not being able to control the availability of natural pasture, Ridley believes there is a compelling commercial justification for supplementary feeding in each of its sectors of operation, whether that be measured in terms of milk yield and herd well-being or feed conversion ratios in poultry, pig and aquafeed.

RISKS (CONTINUED)

- 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 several 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 a degree of confidence in order to plan appropriate shift structures, procurement and supply chain activities in the short term and capital expenditure programs in the long term, while actively managing the risk of stranded assets and backward integration into feed production by significant customers. The ongoing commercial viability of key customers and suppliers is generally beyond the control of Ridley, as evidenced by the FY18 appointment of an administrator to the Red Lea poultry producer which was a major supplier of poultry raw material to Ridley's Maroota rendering site. The potential for disputes to arise with customers over feed performance is a significant risk.

- Surplus Property holdings - Ridley currently utilises its in-house finance and legal resources, supported when needed by external experts and its development partner for the Nelson Cove project at Moolap, to manage the orderly disposal of its surplus land holdings.

- 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 all managed through the Company's risk management framework which includes review and monitoring by the executive lead team.

OUTLOOK

Despite the setback of losing the largest source of poultry raw material supply at Maroota. Management continues to review the prospects for three new Rendering initiatives in progress which, if successful, have the potential to provide new revenue streams for the Maroota site which has been restructured to accommodate the reduction in raw material processing volumes.

The first of the initiatives referred to above is the processing of whole mackerel caught off the New South Wales coast under strict and sustainable quota requirements, with the aim of producing high quality fish meal and oil for the aquafeed and petfood industries. The second initiative is to develop an effective supply chain and process for the manufacture of a high protein and digestible poultry meal from whole birds at the end of their life. The third initiative is to stabilise raw material to avoid degradation prior to processing and thereby improve the quality and performance of the rendered product and increase the reach of the raw material supply chain. Each of these initiatives has the prospect of generating earnings in FY19 and thereafter.

The focus for the Laverton Rendering site for the coming year is to segregate raw material intake to isolate sources of higher value protein meals, and to maintain its process of continuous improvement to improve the Overall Equipment Effectiveness (**OEE**) of the plant and reduce energy consumption. Successful execution of this strategy will facilitate the adoption of an aggressive raw material purchase price strategy to secure incremental processing volumes in a highly competitive marketplace.

The long term outlook for the domestic salmon industry remains positive, with sustainable fishery solutions being developed for Macquarie Harbour, continuing growth in domestic salmon consumption, and further investment in biomass by the Tasmanian salmon producers. Ridley is committed to playing an important role in supplying feed to the industry having announced its intention to construct and operate a new extrusion plant in Tasmania on 20 January 2017. $12.4m of capital has been expended in FY18 on the project at Westbury, Tasmania, with a challenging target for commissioning set for the end of FY19.

In June 2018, Ridley and Tassal announced that two salmon trials will be conducted as part of Tassal's research and development program. All feed required for the trials will be purchased from Ridley at market rates, commencing with an appropriate range of hatchery diets and then moving through the seawater transfer diets to the 4mm – 9mm pellet size salmon growout feed. The expected aggregate Aquafeeds

OUTLOOK (CONTINUED)

volume for the trials is circa 3.3kt in total commencing in late June 2018 and concluding in December 2020.

The trials with Tassal will not only provide additional sales volume but will also test and look to reconfirm, after a period of absence of several years, Ridley's nutritional and production expertise when benchmarked against the equivalent diets provided by Tassal's existing supplier. Prior to segregation of Tasmanian salmon feed supply allegiances, Ridley had performed strongly in similar trials and further improvement in feed quality is anticipated through the adoption of the latest technology at the new extrusion plant under construction at Westbury.

Volume growth across all of its major species, strong performance in the Tassal trials and other anticipated hatchery trials, and the operation of the new test extruder line to develop innovative solutions to industry farming issues are a focus for Aquafeeds for FY19. Effective management of working capital and preparation for the transfer of feed volumes and rationalisation to a twin site production model at Westbury and Narangba are also significant key performance metrics for Aquafeeds management.

The outlook for FY19 for Dairy is mixed, with a positive milk price forecast being tempered by a lack of on farm forage and high raw material prices.

The FY19 outlook for Beef and Sheep is positive, with new business won in South East Queensland and some drought related beef and sheep feeding expected to continue throughout the first quarter.

Ingham's announced intention to become a fully integrated poultry producer and not renew its existing supply arrangements with Ridley which expire in October 2018 will have feed volume and financial implications for the Murray Bridge and Clifton sites and the Poultry earnings for FY19 and thereafter. The Commercial Feeds team is working to secure other sources of new business and sales tonnes to replace this volume, the FY19 EBIT impact of which in isolation would be in the vicinity of $1.5 - $2.0m depending on timing and the plan of transition.

In Victoria, we are working diligently to secure the necessary approvals to finalise the purchase of the land at Wellsford in Central Victoria and commence construction of the new Monogastric feedmill to service key customer Hazeldene's Chickens and other poultry and pig farmers in the region. Currently Ridley manufactures and supplies a significant volume of poultry feed from its East Bendigo facility. This facility has reached capacity at 160,000 tonnes and will be retired once the new feedmill is commissioned and fully operational. The new facility will be similar in design and construction to our new feedmill commissioned last financial year at Lara, Geelong. With an annual production capacity in excess of 350kt, the Wellsford feedmill will be the largest in the Ridley network at nearly twice the size of the Lara feedmill.

Ridley's commitment to a new state of the art feedmill in Central Victoria and to a new extrusion plant in Tasmania supports our focus on growing with our customers and capitalising on opportunities to expand our presence in key livestock animal production regions. The new facility investment strategy reinforces the importance of the animal production industry to Victoria and Tasmania and reflects the confidence we have in our team to consistently produce high quality animal nutrition solutions that are capable of outperforming our competitors. The equipment selected for the new feedmill will reflect all the latest technological advancements, with a strong focus on efficiency and low running costs.

We are expecting and managing towards another year of growth and consolidation in both Packaged Products and Supplements, through a new range and product mix, improved store coverage and presence, a focus on raising the profile of our Dog and Equine products, and on the assumption that we experience a traditional twelve month dry and wet season weather pattern in northern Australia.

The rising cost of energy continues to be a challenge across all business units, but in particular for the Rendering and Monogastric sectors of our business where the consumption levels are highest and the ability to pass on cost increases can be limited. Our capital maintenance and continuous improvement programs need to be operating throughout the business to contain our production costs per tonne in the face of continuing energy price rises.

OUTLOOK (CONTINUED)

In addition to organic growth through the program of mill modernisation, Ridley is continually looking for investment opportunities consistent with its long term strategy to be Australia's leading producer of premium quality, high performance animal nutrition solutions. Novel and value adding feed ingredients that have the potential to reduce the cost of feed and/or improve the returns of the livestock farmer are a key focus of attention in our acquisition discussions and research.

Novacq™ is one such ingredient that has the potential to make a fundamental change to prawn farming throughout the world, and potentially for other species as well. The activities of the strategic alliance with CSIRO in FY19 will continue to be focussed on identifying the most likely applications for Novacq™ in other species.

As announced on 25 May 2018, having received some preliminary and exploratory stage expressions of interest from a number of parties and in order to accelerate the rollout of Novacq™, Ridley has engaged Investec to assist it to explore its options to accelerate the growth and maximise the value of Novacq™ for the benefit of Ridley shareholders. A broad range of options is currently being considered, including the potential for a third party investment in Novacq™, and an outcome from this engagement will be released to the market at the appropriate time.

From 1 July 2018, the Novacq™ operations at Yamba transition from a development site to an operational site, with Novacq™ inclusive feed to be available for the next domestic prawn season. Our 14 ponds under long term lease at Chanthaburi, Thailand were secured and converted to Novacq™ production in FY18. With all the trialling, testing and selection of the production and harvesting processes conducted at Yamba, the Thailand operations are effectively one year behind the domestic operations.

The harvesting, dewatering and drying equipment has already been purchased and delivered on site at Chanthaburi, with installation to be completed in the first half of FY19 and commercialisation targeted for commencement on 1 July 2019.

With regard to the net pre-tax profit of $4.2m for the Property segment for the year, we have sold three of the available lots which we believe represents excellent value for our shareholders. The first lot sale was achieved during the year and the second and third lots were sold in July 2018. An Option agreement has also been executed after balance date for the sole remaining lot, Lot D, which is subject to a twelve month period of purchaser due diligence. The sale of Lot D in FY19 will complete the divestment of the surplus land at Lara, leaving the Nelson Cove development at Moolap as the sole remaining Property segment asset.

With so many projects in progress and opportunities to develop, the year ahead promises to be a challenging and exciting one for everyone at Ridley, and we look forward to a productive and rewarding year for our employees, customers, suppliers and shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Revenue from continuing operations	4	**917,660**	852,923
Cost of sales		**(848,914)**	(781,826)
Gross profit		**68,746**	71,097
Finance income		**465**	49
Other income	4	**6,248**	8,581
Expenses from continuing operations:			
Selling and distribution		**(13,246)**	(12,863)
General and administrative	5(d)	**(35,193)**	(27,559)
Finance costs	5(b)	**(5,113)**	(5,026)
Share of net (losses)/profits from equity accounted investments		**(188)**	8
Profit from continuing operations before income tax expense		**21,719**	34,287
Income tax expense		**(4,310)**	(8,472)
Profit from continuing operations after income tax expense		**17,409**	25,815
Net profit after tax attributable to members of Ridley Corporation Limited		**17,409**	25,815
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Available for sale financial assets – net change in fair value		520	-
Other comprehensive income for the year, net of tax		**520**	-
Total comprehensive income for the year		**17,929**	25,815
Total comprehensive income for the year attributable to:			
Ridley Corporation Limited		**17,929**	25,815
Earnings per share (Note 2)			
Basic earnings per share – continuing		**5.7c**	8.4c
Basic earnings per share		**5.7c**	8.4c
Diluted earnings per share – continuing		**5.6c**	8.2c
Diluted earnings per share		**5.6c**	8.2c

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents		**23,441**	16,535
Receivables		**104,005**	116,223
Inventories		**76,666**	83,717
Tax asset		**3,019**	380
Assets held for sale		**1,133**	-
Total current assets		**208,264**	216,855
Non-current assets			
Receivables		**8,644**	840
Investment properties		**1,275**	3,181
Property, plant and equipment		**202,596**	182,794
Intangible assets		**82,485**	79,284
Investments accounted for using the equity method	8	**1,136**	1,324
Available for sale financial assets		**2,300**	1,268
Deferred tax asset		**3,619**	5,057
Total non-current assets		**302,055**	273,748
Total assets		**510,319**	490,603
Current liabilities			
Payables		**155,897**	148,580
Provisions		**14,592**	13,540
Total current liabilities		**170,489**	162,120
Non-current liabilities			
Borrowings		**76,222**	68,079
Provisions		**501**	581
Total non-current liabilities		**76,723**	68,660
Total liabilities		**247,212**	230,780
Net assets		**263,107**	259,823
Equity			
Share capital		**214,445**	214,445
Reserves		**3,760**	2,895
Retained earnings	6	**44,902**	42,483
Total equity		**263,107**	259,823

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		**1,031,925**	938,609
Payments to suppliers and employees		**(972,277)**	(897,361)
Interest received		**465**	49
Other income received		**1,820**	8,581
Interest and other costs of finance paid		**(5,087)**	(5,499)
Income tax payment		**(5,946)**	(14,724)
Net cash from operating activities		**50,900**	29,655
Cash flows from investing activities			
Payments for property, plant and equipment		**(36,131)**	(33,779)
Payments for intangibles		**(4,292)**	(3,593)
Payments for financial investments		**(1,256)**	-
Proceeds from sale of discontinued operation		**6,000**	10,000
Proceeds from sale of non-current assets		**1,170**	3,520
Net cash from investing activities		**(34,509)**	(23,852)
Cash flows from financing activities			
Purchase of shares for share based payments		**(4,182)**	(4,221)
Proceeds/(Repayment) of borrowings		**8,143**	(1,356)
Dividends paid	3	**(12,918)**	(12,159)
Loans to related parties		**(528)**	-
Net cash from financing activities		**(9,485)**	(17,736)
Net movement in cash held		**6,906**	(11,933)
Cash at the beginning of the financial year		**16,535**	28,468
Cash at the end of the financial year		**23,441**	16,535

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

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

Extract of notes to the financial statements
For the year ended 30 June 2018

Note 1 – Basis of preparation of preliminary financial report

This report has been prepared in accordance with Australian Accounting Standards relevant to the preparation of the Appendix 4E and other mandatory professional reporting requirements for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) listing rules. The report is presented in Australian dollars.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report. The financial report has been prepared on the basis of historical cost, except for derivative financial instruments and cash settled share-based payment arrangements which have been measured at fair value. A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

Note 2 – Earnings per share

	2018	2017
	Cents	Cents
Basic earnings per share – continuing	**5.7**	8.4
Basic earnings per share	**5.7**	8.4
Diluted earnings per share – continuing	**5.6**	8.2
Diluted earnings per share	**5.6**	8.2

	2018		2017	
	Basic $'000	**Diluted $'000**	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share:				
Profit after income tax	**17,409**	**17,409**	25,815	25,815

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.

Weighted average number of shares used in calculating

	2018	2017
Basic earnings per share	**307,817,071**	307,817,071

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.

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.

The Group has historically purchased shares on-market to satisfy vesting performance rights. Details relating to the performance rights are set out in Note 25. There are 1,408,925 (2017: 4,328,073) performance rights outstanding that have been included in the determination of diluted earnings per share, however if the Group purchases shares on-market to satisfy any vesting performance rights there would be no dilution.

Diluted earnings per share	**310,685,570**	313,410,014

Extract of notes to the financial statements
For the year ended 30 June 2018

Note 3 – Dividends

Dividends paid during the year	**Franking**	**Payment date**	**Per share (cents)**	**2018 $'000**	2017 $'000
Interim dividend in respect of the current financial year	Fully franked	30 April 2018 (2017: 1 May 2017)	1.50 (2017: 1.5)	**4,618**	4,618
Final dividend in respect of the prior financial year	Fully franked	31 October 2017 (2017: 31 October 2016)	2.75 (2017: 2.5)	**8,465**	7,695
				13,083	12,313
Paid in cash				**12,918**	12,159
Non-cash dividends paid on employee in-substance options				**165**	154
				13,083	12,313

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

2018 final dividend of 2.75 cents per share, fully franked, payable on 31 October 2018.	**8,465**	8,465

Dividend franking account

Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years	**21,273**	20,934

No foreign conduit income is attributed to the dividend.

Note 4 – Revenue and Other income

	2018 $'000	2017 $'000
Revenue from continuing operations		
Sale of goods	**917,660**	852,923
Other income from continuing operations		
Business services	**68**	630
Rent received	**197**	330
Insurance proceeds	**-**	4,156
Profit on sale of associate	**-**	717
Profit on sale of land	**4,696**	92
Foreign exchange gains – net	**302**	-
Other	**985**	2,656
	6,248	8,581

Note 5 – Expenses

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

(a) Depreciation and amortisation (i)		
Buildings	**1,665**	1,516
Plant and equipment	**13,712**	11,889
Software	**1,134**	1,064
Intangible assets	**751**	751
	17,262	15,220

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

Extract of notes to the financial statements
For the year ended 30 June 2018

Note 5 – Expenses (continued)

	2018 $'000	2017 $'000
(b) Finance costs		
Interest expense	**5,136**	5,414
Amortisation of borrowing costs	**144**	144
Unwind of discount on deferred consideration	**(167)**	(499)
Capitalisation of borrowing costs	**-**	(33)
	5,113	5,026
(c) Other expenses		
Employee benefits expense	**80,528**	76,623
Operating lease expense	**4,116**	3,947
Bad and doubtful debt expense – net of recoveries	**505**	33
Research and development	**19,200**	19,674
(d) General and administrative expenses include:		
Incremental operating costs, Wasleys feed mill bushfire	**-**	556
Aquafeed inventory legacy costs	**11,658**	-
	11,658	556

Material volumes of raw material and finished goods inventory purchased, stored, reprocessed and manufactured to service the former Huon supply agreement which was terminated in the prior year following a legal dispute have been progressively utilised wherever possible during FY18. The remaining carrying value of this inventory has been written off to nil at 30 June 2018. The total cost for the year in dealing with this non-recurring legacy issue is $11,658k before income tax.

Note 6 – Retained earnings

	2018 $'000	2017 $'000
Retained earnings		
Opening balance at 1 July	**42,483**	31,269
Net profit for the year	**17,409**	25,815
Dividends paid	**(13,083)**	(12,313)
Share based payments reserve transfer	**(1,907)**	(2,288)
Closing balance at 30 June	**44,902**	42,483

Extract of notes to the financial statements
For the year ended 30 June 2018

Note 7 – Segment reporting

2018 financial year $'000	AgriProducts	Property	Unallocated	Consolidated Total
Total sales revenue – external (Note 4)	**917,660**	**-**	**-**	**917,660**
Other revenue (Note 4)	1,045	4,713	490	6,248
Total revenue	**918,705**	**4,713**	**490**	**923,908**
Share of (losses) of equity accounted investments	(188)	-	-	(188)
Depreciation & amortisation expense (Note 5)	(17,112)	(11)	(139)	(17,262)
Aquafeed inventory legacy expenses (Note 5)	(11,658)	-	-	(11,658)
Interest income	-	-	465	465
Finance costs (Note 5)	-	-	(5,113)	(5,113)
Reportable segment profit/(loss) before income tax	**31,682**	**4,166**	**(14,129)**	**21,719**
Segment assets	464,309	2,408	42,466	509,183
Investments accounted for using the equity method	1,136	-	-	1,136
Total segment assets	465,445	2,408	42,466	510,319
Segment liabilities	168,834	-	78,378	247,212
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	40,423	-	-	40,423

2017 financial year $'000	AgriProducts	Property	Unallocated	Consolidated Total
Total sales revenue – external	**852,923**	**-**	**-**	**852,923**
Other revenue	7,738	213	630	8,581
Total revenue	**860,661**	**213**	**630**	**861,504**
Share of profits of equity accounted investments	8	-	-	8
Depreciation and amortisation expense	(14,967)	(18)	(235)	(15,220)
Interest income	-	-	49	49
Finance costs	-	-	(5,026)	(5,026)
Reportable segment profit/(loss) before income tax	**50,131**	**(789)**	**(15,055)**	**34,287**
Segment assets	452,300	3,181	33,798	489,279
Investments accounted for using the equity method	1,324	-	-	1,324
Total segment assets	453,624	3,181	33,798	490,603
Segment liabilities	160,826	-	69,954	230,780
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	40,972	-	-	40,972

Extract of notes to the financial statements
For the year ended 30 June 2018

Note 8 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Carrying Amount	
			2018	2017	**2018**	2017
Joint venture entities:			**%**	%	**$'000**	$'000
Ridley Bluewave Pty Ltd [1]	Animal protein production	Australia	**-**	50	**-**	-
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust [2]	Property realisation	Australia	**50**	50	**-**	-
Pen Ngern Feed Mill Co., Ltd. [3]	Aquafeed production	Thailand	**49**	49	**1,136**	1,324
Investments accounted for using the equity method					**1,136**	1,324

1 Ridley Bluewave Pty Ltd was deregistered on 15 February 2018.

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

3 On 28 January 2016, the Group acquired a 49% interest in Pen Ngern Feed Mill Co., Ltd. (**PNFM**) for an investment of $1.3 million. PNFM is an entity domiciled in Thailand which owns and operates a dedicated aquafeed manufacturing facility at Chanthaburi. Movements in the Carrying Amount reflect Ridley's equity accounted share of the operating result for PNFM.

The 49% ownership interest in PNFM, 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 9 – Events occurring after the balance sheet date

On 24 July 2018, Ridley announced the completion of contracts for the sale of two of the residual lots at Lara for total proceeds of $9.5 million and a pre-tax profit of approximately $8.2 million. A twelve month option agreement was also signed after balance date for a land-based aquaculture company to acquire the sole remaining lot of surplus land at Lara for $1.5 million subject to satisfactory completion of its due diligence program.

On 20 August 2018 Ridley advised the market of proceedings having been commenced against it by a customer, Baiada, in respect of stockfeed manufactured by Ridley for Baiada at its Wasleys feedmill in South Australia "between about 2014 until about October 2017." Baiada, through its operating entities Baiada Poultry Pty Limited and BPL Adelaide Pty Limited, is, and has been for many years, a significant customer of Ridley, and one which Ridley is continuing to supply. The claim does not specify the quantum of damages, or other compensation, that Baiada is seeking. Ridley believes the claim is not of merit, and as such it will be vigorously defended. Ridley's insurers have been notified of the claim and, if required, Ridley believes insurance cover exists in respect of the claim.

No other matters or circumstances have arisen since 30 June 2018 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 year.