RIDLEY

Reset and ready to grow

Annual Report
2020

Contents

RIDLEY

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 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, canine and home layer markets in the recreational sector.

Ridley's product range comprises commercial stockfeeds delivered in bulk and mostly in pellet form, except for a mash offering available in certain markets and regions, and packaged feeds and ingredients, including raw materials, additives, supplements and animal meals, delivered in packaged form ranging from one-tonne bulka bags to 3kg feed bags.

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 for animal feed produced from otherwise surplus by-products, which are subjected to a process called rendering. Ridley operates a rendering plant in Victoria and New South Wales through which most of its animal meal feed requirements are sourced, and from which external sales are made to the stockfeed, aquafeed and petfood industries, both domestically and overseas.

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.

BARASTOC

COBBER

Rumevite

primo AQUACULTURE

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.

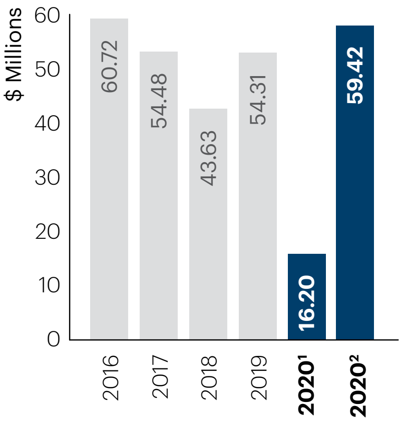
2020 Features

- A year of business reset and repositioning for growth
- Large overhead structure addressed
- Closure of uneconomic feedmill at Murray Bridge
- Resolution of long-standing legal claim from major customer
- Commercial sales of Novacq™ commenced
- New organisational structure focused on customer engagement
- Wellsford feedmill construction complete and rationalisation of Northern Victorian operations underway
- Growth strategy starting to deliver positive commercial outcomes

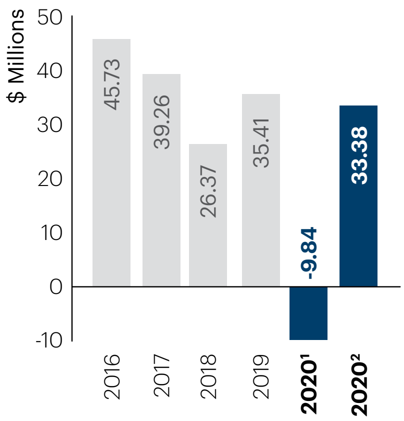
Five Year Summary

A$'000 unless otherwise stated	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
Operating results					
Revenue	**967,942**	1,002,583	917,660	852,923	912,561
Other income	**1,082**	7,300	6,248	8,581	12,121
EBITDA	**16,202**	54,315	43,629	54,484	60,723
Depreciation and amortisation (DA)	**26,159**	18,903	17,262	15,220	14,989
Earnings before interest and tax (EBIT)	**(9,957)**	35,412	26,367	39,264	45,734
Net finance cost	**5,828**	5,073	4,648	4,977	5,419
Operating (loss)/profit before tax	**(15,785)**	30,339	21,719	34,287	40,315
Tax benefit/(expense)	**7,145**	(6,774)	(4,310)	(8,472)	(13,112)
Net (loss)/profit after income tax attributable to members	**(8,640)**	23,565	17,409	25,815	27,203
Other comprehensive income/(loss) (net of tax)	**114**	(403)	520	-	-
Total comprehensive (loss)/income	**(8,526)**	23,162	17,929	25,815	27,203
Net loss/(profit) on significant items (net of tax)	**29,546**	(3,641)	-	-	403
Profit attributable to members before significant items	**21,020**	19,521	17,929	25,815	27,606
Financial position					
Ridley shareholders' funds	**261,645**	277,499	263,107	259,823	247,884
Intangible assets	**75,001**	85,670	82,485	79,284	76,355
Total assets	**646,726**	573,754	510,319	490,603	484,850
Total liabilities	**385,081**	296,255	247,212	230,780	236,966
Net debt	**147,182**	101,443	52,781	51,544	40,967
Market capitalisation	**226,407**	366,875	423,248	426,327	430,944
Enterprise value (market capitalisation plus net debt)	**373,589**	468,318	476,029	477,871	471,911
Development capital expenditure	**42,900**	60,000	21,100	19,600	19,300
Operating cash flow	**23,485**	36,824	50,900	29,655	17,612
Closing share price (cents)	**72.50**	119.00	137.50	138.50	140.00
Weighted average number of shares on issue – non-diluted (thousands)	**312,285**	308,298	307,817	307,817	307,817
Number of employees (number)	**622**	697	710	697	676
Key profitability ratios					
Sales tonnes (millions)	**1.80**	1.89	2.05	1.93	1.93
EBITDA/tonne ($)	**9.00**	28.74	21.28	28.23	31.46
EBITDA: shareholders' funds (%)	**6%**	20%	17%	21%	24%
Return on shareholders' funds (%)	**(3.3)**	8.5	6.7	10.2	11.4
Earnings per share (EPS) (cents)	**(2.8)**	7.6	5.7	8.4	8.8
Total Shareholder Return (%)	**(37.8)**	(10.4)	2.3	1.8	15.2
EPS growth (%)	**(136.4)**	33.3	(32.6)	(6.6)	28.5
EBITDA growth (%)	**(70.2)**	24.5	(19.9)	(10.3)	18.9
Operating cash flow/EBITDA (times)	**1.4**	0.7	1.2	0.5	0.3
Operating cash flow per share (cents)	**7.5**	11.9	16.5	9.6	5.7
Market capitalisation/operating cash flow (times)	**9.6**	10.0	8.3	14.4	24.5
EBITDA per employee (A$'000)	**26.0**	77.9	61.4	78.2	89.8
Capital market and structure ratios					
Gearing: debt/debt plus equity (being enterprise value) (%)	**39%**	22%	11%	11%	9%
Interest cover: EBITDA/net interest (times)	**2.8**	10.7	9.4	10.9	11.2
EBITDAx (market capitalisation/EBITDA) (times)	**14.0**	6.8	9.7	7.8	7.1
EBITDA per share (cents)	**5.2**	17.6	14.2	17.7	19.7
EBITDA growth (%)	**(70.2)**	24.5	(19.9)	(10.3)	18.9
Enterprise value/EBITDA (times)	**23.1**	8.6	10.9	8.8	7.8
Price/earnings (P/E) ratio (share price/EPS)(times)	**(26.2)**	15.7	24.1	16.5	15.9
Net debt/shareholders' funds (%)	**56.3**	36.6	20.1	19.8	16.5
Shareholders' funds/total assets (%)	**40.5**	48.4	51.6	53.0	51.1
Net debt/EBITDA (times)	**9.1**	1.9	1.2	0.9	0.7
Net tangible asset (NTA) backing per share (cents)	**59.8**	62.2	58.7	58.7	55.7
Dividends per share (cents)	**1.50**	4.25	4.25	4.0	4.0
Dividend payout ratio (%)	**(54.9)**	56.6	73.0	47.7	45.3
Percentage franked (%)	**100.0**	100.0	100.0	100.0	100.0

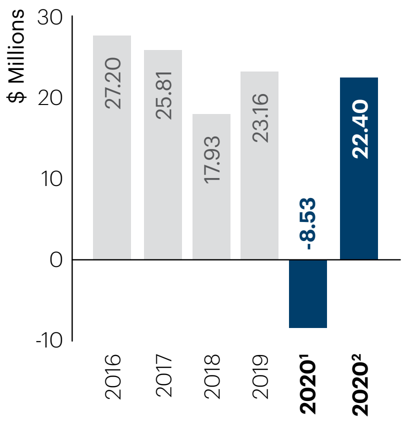
Consolidated EBITDA



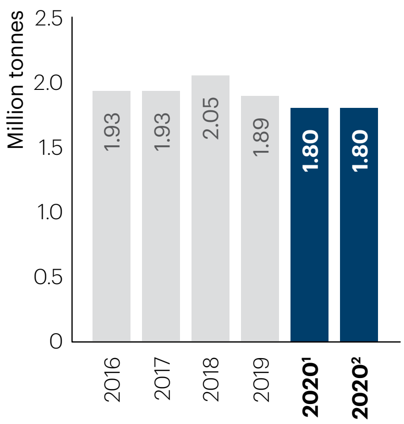
EBIT from continuing operations



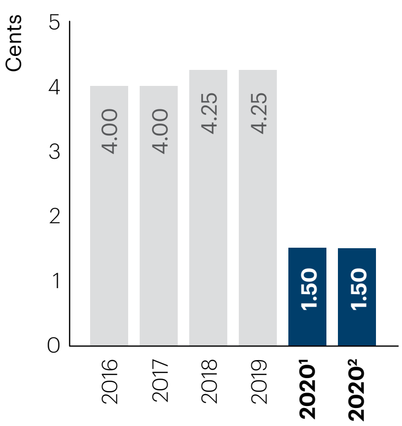
Consolidated net profit



Operating volume



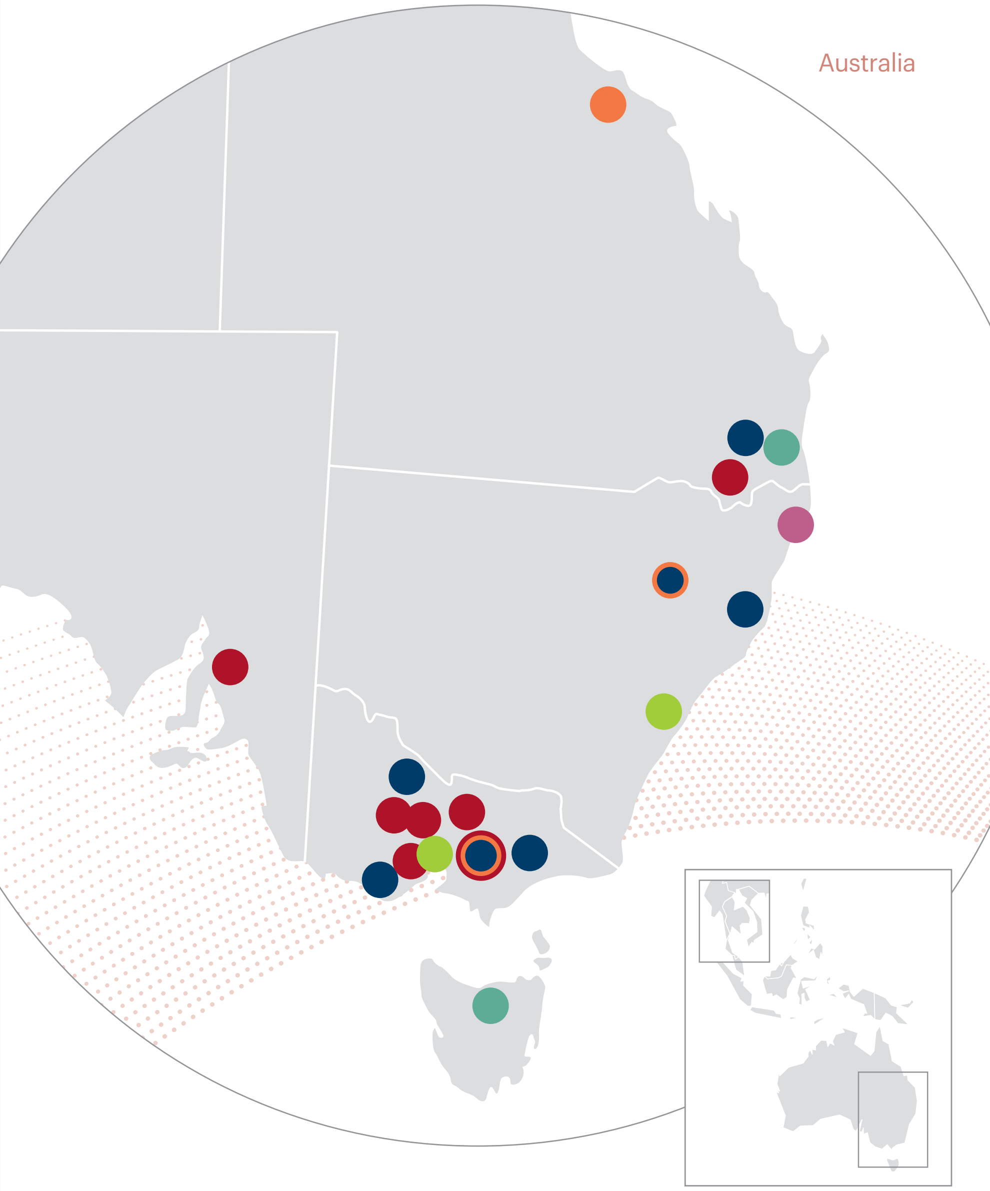
Dividends per share



1. Inclusive of individually significant items
2. Before individually significant items

Major capital program completed and business reset for growth.

Ridley Locations and Sectors



Business Unit	Structure
Bulk Stockfeeds	
Monogastric	Pellet, meals, concentrates and premixes for poultry and pigs
Ruminant	Pellet, meals, concentrates and premixes for dairy cattle, beef cattle and sheep
Packaged Feeds and Ingredients	
Packaged Products and Supplements	Bagged poultry, dairy, dog, horse and lifestyle animal feed, and block and loose lick supplements
Aquafeed	Extruded and steam pelleted products for all major fin fish and prawns
Novacq™	Novel value-adding feed ingredient being commercialised for sale into prawn feed globally
Rendering	Rendered poultry, red meat and fish products for the petfood, stockfeed and aquaculture sectors

Chairman's Report

Dr Gary H Weiss AM
Chairman

My tenth and final year on the Ridley Board commenced with the process to recruit a new Chief Executive Officer and Managing Director (**CEO**) capable of growing the business and extracting the value from the refreshed portfolio of Ridley assets on which $150 million of capital has been invested over the last eight years.

After an extensive search process, on 26 August 2019 the Ridley Board appointed Quinton Hildebrand as the new Ridley CEO. With over 20 years of experience in the agribusiness and food industries, including Chief Executive Officer at Mackay Sugar and Chief Commercial Officer at Inghams Group Limited, Quinton was an outstanding candidate for the role and the Ridley Board is delighted to have secured his appointment.

I would like to thank fellow Ridley Director Mr David Lord for his contribution as Interim CEO for the period from 1 July 2019 to 26 August 2019, and particularly for bringing stability and calm in a period of uncertainty and for leading the CEO recruitment process in such a professional manner.

Quinton is now focusing Ridley on its domestic growth plans, leveraging its state-of-the-art facilities, and accelerating the commercialisation of its Novacq™ franchise internationally to drive value for Ridley shareholders.

In September 2019, the closure of the Murray Bridge feedmill was announced. This followed extensive reviews by management and unsuccessful efforts over several months to secure the additional production volumes necessary to restore the feedmill to profitability.

The closure of Murray Bridge was a reflection of future losses foreseeable from a feed mill unable to replace the feed volumes formerly provided to Inghams in South Australia under a supply agreement which expired in October 2018. All the anticipated costs of employee termination, asset write down or relocation, and site closure, remediation, demolition and development approvals in preparation for future divestment, were brought to account in the first half year, amounting to a total of $7.2 million.

Further restructuring initiatives followed, including the removal of a number of layers in certain parts of the organisation to deliver a leaner, simplified and flatter reporting structure with clear lines of accountability. The new structure is designed to engender proactive customer engagement and better alignment, while removing an estimated $5 million of annualised costs. A heightened focus on leveraging Ridley's centralised procurement purchasing and nutrition expertise to deliver a compelling customer value proposition was also implemented. The total cost of the restructure brought to account in the first half year was $2.9 million.

Consolidated EBITDA before restructuring of $59.4 million.

Chairman's Report continued

The resolution of the Baiada legal claim was another important milestone achieved during the year, and while the $1.9 million net settlement figure brought to account in the first half year by Ridley is naturally disappointing, the extension of the existing supply agreement for two years and the production efficiencies for Ridley were both positive features of the agreement. Furthermore, relations between the two entities have been restored to a more positive footing.

In February 2020, Ridley acquired approximately 50 hectares of land at Chanthaburi, Thailand, plus the remaining 51% interest to provide a 100% ownership interest in, and full control of, the Pen Ngern feedmill. The land and share acquisition was facilitated by the approval received from the Thailand Board of Investment (**BoI**) to relax the strict foreign landholding restrictions applicable to Ridley's wholly-owned subsidiary in Thailand, and to approve a 100% ownership interest in the Pen Ngern feedmill. The land acquired at Chanthaburi includes the 14 Novacq™ production ponds previously under a long-term lease arrangement, plus all of the infrastructure in which Ridley has invested over the past three years.

BoI approval was also received during the year to resolve the onerous restrictions regarding the usage of power at the Novacq™ production site by granting a development approval for Ridley to house the Novacq™ dewatering and drying operation within the large and surplus warehouse area of the Pen Ngern feedmill.

The above transaction secures and de-risks the production activities in Chanthaburi and the Pen Ngern feedmill site, and provides an ideal footprint for the long-term expansion of the Novacq™ operations in Thailand.

In February 2020, the world was about to change forever. I am pleased to say that our leadership team was extremely proactive in foreseeing and planning for the worst-case Coronavirus (as it was called then) outcome. Ahead of the outbreak of the COVID-19 pandemic in the first few months of 2020, management devised and implemented a regime of controls, processes, facilities and protocols to manage the business during this period of societal and economic disruption. These initiatives have been critical in not only maintaining the safety of our team, suppliers and customers, but also in preserving the wellbeing of the livestock whose very existence depends on the timely receipt of their Ridley feed deliveries. To date, we are immensely proud that we have not missed a production shift as a result of the COVID-19 pandemic. The management team is to be congratulated on this tremendous performance.

In June 2020 Ridley announced the successful construction and commissioning of the new state-of-the-art poultry and pig feedmill located at Wellsford, Bendigo, on budget and as scheduled in the fourth financial quarter. This milestone triggered the foreshadowed rationalisation of Ridley's operations in Central/Northern Victoria, which will result in the closure of the Mooroopna feedmill in the second half of the 2021 financial year once all of the production has been transitioned to Wellsford.

All production was successfully transitioned from the former Bendigo feedmill to Wellsford by 30 June 2020, resulting in the cessation of operations at, and closure of, the old Bendigo site. The site has been secured from a safety perspective and the remediation, demolition and redevelopment approval activities commenced and fully accounted for in the 2020 financial year to prepare the site for divestment.

With a 350,000 tonne annual capacity, the new feedmill at Wellsford can absorb not only the production capacity of the old Bendigo feedmill, but also that of the existing Mooroopna feedmill. After consolidating the volumes from both the Bendigo and Mooroopna feedmills into the new Wellsford feedmill, there will still be an additional 70,000 tonnes of feed production capacity at Wellsford, located in this key farming region extending through Central and Northern Victoria.

48 cage trial pond at Chanthaburi with feed mill in the background.

New feedmill at Wellsford, Central Victoria.

Once the transition program has concluded, the Mooroopna site will also be closed, made safe and prepared for divestment.

The estimated costs of employee termination, closure, asset write-down or relocation, and site remediation, demolition, and development approvals in preparation for future divestment of the Bendigo and Mooroopna sites were brought to account in the 2020 result at an estimated $7.0 million.

The Wellsford feedmill was officially opened on 23 July 2020.

The second and final phase of the internal restructure for the remainder of the business not reached in November 2019 was effected in May and June 2020, with a further $1.3 million of restructure costs incurred and brought to account.

On 13 August 2020, the Board announced an impairment of $21.6 million in respect of the Novacq™ Business Unit, referred to as a Cash Generating Unit or CGU for impairment purposes.

Although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, delays in the development and installation of processing technology have hindered the scale-up of production and restricted sales volumes and earnings accordingly.

As a consequence of the above, coupled with the general economic uncertainty prevailing in domestic and world markets, a non-cash impairment of $21.6 million in the Novacq™ CGU was raised in the 2020 financial results.

The 13 August 2020 announcement also included the full impairment of the property at Moolap with a prior period carrying value of $1.3 million. This decision reflects the lack of commercial opportunities to generate shareholder value for the site under the Victorian State Government's strategic framework for the Point Henry region of Victoria, and in particular, for Ridley's former saltfields at Moolap.

It should be noted that the above impairments are non-cash in nature and do not impact the outlook for the business as a whole. Furthermore, there is no impact on bank covenant compliance given that appropriate relief had already been granted by Ridley's bankers in this year of significant restructure and repositioning for Ridley.

Having made my decision to retire after 10 years with Ridley, a Board recruitment process was commenced. My tenure was extended from 30 June 2020 to the 26 August 2020 release of the 2020 financial year results, largely as a result of COVID-19-induced delays in the recruitment process.

On 23 August 2020, Ridley advised of the appointment of Mick McMahon and Rhys Jones to the Ridley Board, with Mick to succeed me as Ridley Chair, effective from 27 August 2020. The Ridley Board is delighted to have secured the services of two such highly regarded and experienced professionals, and I wish them and my fellow Directors every success in directing Ridley to further achievements in the years ahead.

I would like to take this final opportunity to thank my fellow Directors, and all members of the Ridley team, past and present, who I have engaged with over the last decade. I wish you all, and everyone associated with Ridley, every success for the future, and thank you for making my time at Ridley such a positive experience.

Dr Gary H Weiss AM
Chairman

Novacq ponds in production at Chanthaburi.

New extrusion plant at Westbury, Tasmania.

Chief Executive Officer's Review

Quinton Hildebrand
Chief Executive Officer
and Managing Director

Mandate for domestic growth, leveraging of capital investment program, and acceleration of Novacq™.

Upon commencing in the CEO role, the mandate from the Board was to focus Ridley on its domestic growth plans, leverage its investment in state-of-the-art facilities, and accelerate the commercialisation of its Novacq™ franchise internationally. Consequently, my first year in the role has resulted in significant change, which has been necessary to set the business up to generate lasting benefits for the years to come. These changes have incurred implementation costs, and we have endeavoured to bring shareholders on the journey with us and provide transparency through the progressive releases via the ASX announcements platform.

Safety record

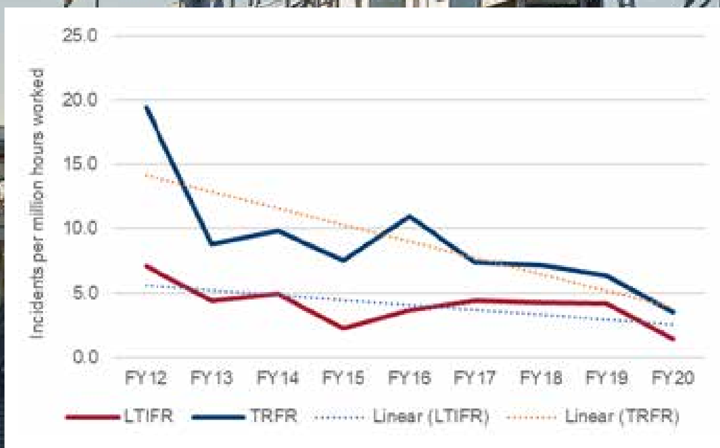
In a year of such widespread change, and also unprecedented disruption associated with the COVID-19 pandemic, an outstanding achievement for the business as a whole has been realising its best ever safety performance. From the perspective of our core Key Performance Indicators (**KPIs**) of Lost Time Injury Frequency Rate (**LTIFR**) and Total Recordable Frequency Rate (**TRFR**), we are pleased to report a record low LTIFR of 1.41 and TRFR of 3.53 incidents per million hours worked.

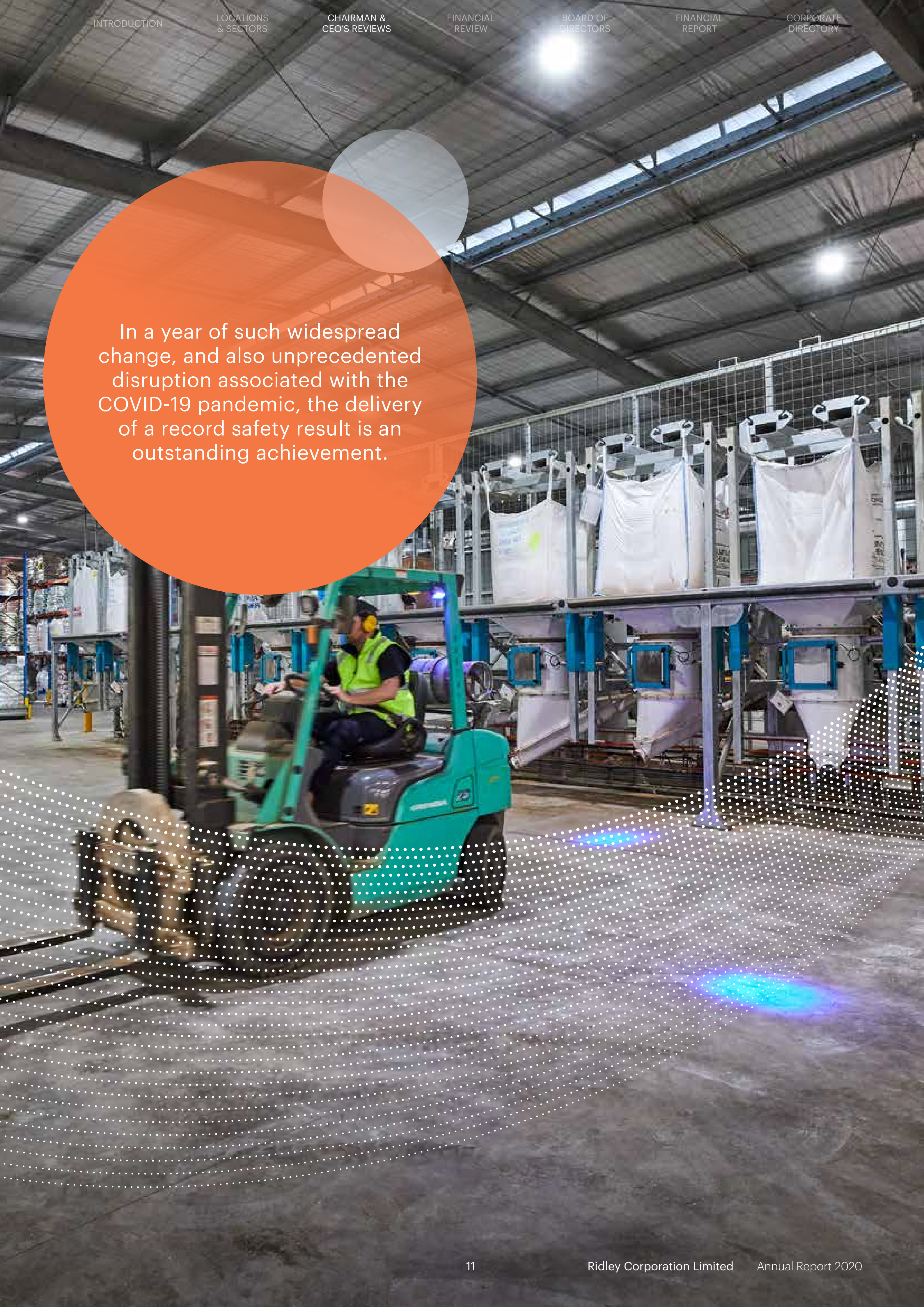
Record Safety Performance

Engaging our people on the journey to operational excellence

Focus on accountability and planning to promote:

- Safer working conditions
- Improved quality performance
- Environmental leadership
- Efficient operations





In a year of such widespread change, and also unprecedented disruption associated with the COVID-19 pandemic, the delivery of a record safety result is an outstanding achievement.

Chief Executive Officer's Review continued

Notwithstanding this result, there is no room for complacency on the journey to an injury-free environment, and I believe our changes in leadership have introduced a new energy to the safety accountability within the business.

COVID-19 response

Ridley provides an essential service in the food supply chain, and during this past year has demonstrated its resilience in the face of the pandemic. In January 2020, Ridley established a Biosecurity Committee to assess, update, monitor and prepare a plan to address the emerging biosecurity risks of the Coronavirus (as it was then known) outbreak being reported from Wuhan in China. Overseas travel by employees was restricted and, in anticipation of the disruption to Chinese supply chains, Ridley commenced sourcing minerals, additives and vitamins from alternative supply chains. As the pandemic has spread, having alternative sources of supply for all key ingredients has meant that Ridley has always been able to ensure continuity of feed supply.

By March, having conducted successful trial testing of the IT system to sustain widespread remote access, non-operational staff were split into teams, alternating one week in the office, the next week at home. Employees at operational sites were segregated by shift, with separate meal and toilet facilities to ensure that there was no crossover. Dedicated 'Clean Team' working groups were established to respond in the event of a positive infection at a Ridley facility in their state, with the objective of returning the facility back to production in the shortest possible time; however, fortunately this has yet to be required.

The following photographs demonstrate the extent of the Clean Team activities at the Laverton rendering plant.

Full personal protective equipment

Buildings, plant and equipment subject to thorough sanitisation

Well-established Disaster Recovery Plans, which allow for the production of feed at alternative sites should a site be closed for a disease outbreak, were reviewed and updated where appropriate. Ridley internal volunteer support networks were established to support Ridley's "front line" employees who have been required to keep working through the pandemic to maintain the welfare of the country's livestock. The Company's support extended at times to financial support for localised childcare arrangements and to public transport alternatives in order to avoid public contact.

The leadership team has worked hard to sustain the morale and well-being of our employees, and sites have developed their own initiatives to engender family, team and community spirit such as the messages expressed in the photograph (p13 top).

Solid operating performance

Having experienced a weak trading performance in the first quarter, the business has responded well to the organisational restructure and renewed focus on customer outcomes to post a 13% year on year growth in EBITDA from ongoing operations.

The following is a summary of the operating performance of each of the Business Units for the year.

(i) Bulk Stockfeed

Poultry volumes were marginally beneath the one million tonne mark for the year as the broiler volumes for chicken and duck were impacted by COVID-19-related closures in the food service sector in the second half of the year. Layer volumes benefited from an increased supermarket presence and lockdown-enforced home-cooking activities.

Pig volumes were up 13,000 tonnes on the prior year, which is reflective of the process to rebuild industry sow numbers as international pig production is impacted by African Swine Fever and we secure additional market share due to improved customer engagement.

Laverton Rendering team.

> "We are working hard to keep Australia's food chain safe. We disinfect more than just our hands."

Sales to beef and sheep customers were strong for the first three quarters of the year and volumes were only marginally below the prior year's record. However, the breaking of the drought in the fourth quarter provided welcome relief for farmers across the country. The emergence of widespread pasture growth reduced demand for supplementary feeding in the beef, sheep and dairy sectors. The reduction in sales has been most significant in the previously drought-affected areas of northern New South Wales and southern Queensland in the fourth quarter.

(ii) Aquafeed

Moving from a single extrusion plant to twin plant operations was successfully achieved for the year, with positive dog food and prawn feed production volume increases at Narangba, and a stockbuild in progress at year end in preparation for the upcoming prawn season. Production volumes at the new Westbury extrusion plant are below initial expectations reflecting the surplus capacity available with three separately owned plants now operating in Tasmania to service the salmon producers in Tasmania and New Zealand.

(iii) Rendering

A long-term project to work with suppliers to improve the consistency of raw materials delivered for processing culminated in a noticeable upgrading of the quality of the finished meals and oils. This, together with favourable market demand, contributed to an improved year on year result at both rendering operations.

(iv) Packaged Products and Supplements

Packaged volumes across all species were largely preserved in a year that witnessed a decline in demand across all major channels. Ridley consolidated the results from its prior year launch into horse racing, with the new concentrated high-performance feed and its partnership with British Horse Feeds to exclusively distribute Speedi-Beet and Fibre-Beet in Australia and New Zealand.

Supplements enjoyed a strong financial performance on the back of high demand for dry season block sales in the first half of the year due to a longer than normal northern dry season and the sales contribution from a new product development, magnesium capsules.

(v) Novacq™

Progress in commercialising Novacq™ has been steady; however, we have been constrained in ramping up production. While the overall production per hectare of ponds is making quantum shifts through optimising the fertilisation and improving the aeration in the ponds, the challenge has been, and continues to be, how to dry the product. While simple solar drying is successful in Thailand, this can only happen in the dry season, which limits the amount of product available. Hence we are pursuing a mechanical drying system that can be used all year round. In April we installed a mechanical dryer solution in Yamba, which is gradually making productivity gains day to day.

Upon being granted approval for 100% ownership and to install our drying equipment in the Pen Ngern feedmill, we acquired the remaining 51% and assumed full control in February 2020. With the low demand for feed in the region, we ceased feed production at the facility at the end of June and are concentrating on installing the mechanical drying equipment for the Novacq™ being grown in the ponds adjacent to the feedmill site.

Collaboration with CSIRO in the year centred around the development of an assay to test and provide a real-time measure (as opposed to measurement of live animals over periods of time in tank trials) of the level of bioactivity of Novacq™. The output from this work program will also be pivotal to the identification of the most likely applications for Novacq™ beyond the known monodon and vannamei species of prawn.

Chief Executive Officer's Review continued

Outlook

The 2020 financial year has seen a reset of the business, with significant restructuring, repositioning and revaluing activities. These have now been substantially concluded. The outlook for the coming year is positive, despite the general economic uncertainty prevailing in domestic and world markets.

Poultry layer volumes are expected to remain strong in FY21 through a continuation of the high demand for eggs experienced in recent months, while broiler volumes are expected to have stabilised with increased supermarket and retail sales offsetting the reduced food service demand. Higher prices for Australian pork are likely to underpin the ongoing increase in sow numbers, with commensurate growth in our feed supply for the year ahead.

Dairy industry fundamentals are positive, with the combination of a relatively strong farmgate milk price and lower input costs, which should stimulate our sales into this sector. The year on year outlook for beef and sheep feed volumes is significantly lower as a result of the pasture growth that has followed rainfall in the drought-affected regions.

Notwithstanding the impact that COVID-19 has had on the supply of fish and crustaceans through the food service channel, our aquaculture customers are expected to continue pursuing their long-term expansion plans in the year ahead. Ridley will need to deliver superior feed products and nutritional support to secure our share of this growth in this highly competitive market.

In FY21, poultry raw material supply to rendering is expected to be maintained; however, there will be a reduction in red meat raw material with a decline in the number of animals passing through the abattoirs. This impact has been anticipated and should be offset by higher prices for our meals and effective cost control in our plants.

The Packaged Products business is expected to experience growth on the back of a positive outlook for the rural sector and the recently consolidated rural store network organisations.

The Supplements block and loose lick business will return to levels of demand akin to a 'normal' season following improved grazing conditions for cattle stations in Queensland and the Northern Territory.

The current Novacq™ stocks are committed for sale in Ridley feed for the upcoming Australian prawn season or for trials with prospective domestic and international customers. The focus for the year ahead is to increase the yields from the recently acquired production assets and to double production.

With the completion of the $150 million asset renewal program, which has delivered four new world-class production facilities in the last eight years, capital expenditure in the year ahead will return to more normal levels and the focus will be on cash generation and debt reduction. The execution of the growth strategy is expected to increase earnings as the business capitalises on the full year benefits of the initiatives implemented in FY20, derives value from the capital investment program, and focuses on providing proactive solutions and a compelling value proposition to support the sustainable growth of our customers.

The fourth annual Cobber Challenge took place from 12 August to 5 September 2019 and was a year of firsts – the first Border Collie to win, the first South Australian team to win, and the first female handler to win.

Peta and Jed receiving their prize from Ridley SA Territory Manager, Tania McKee.

The 2019 Cobber Challenge was the most successful to date by all key metrics. The event has become widely anticipated within working dog communities across the country, and is expected to continue to grow in popularity. The 2020 Cobber Challenge commenced on 17 August 2020, and to commemorate its fifth year, a new 'Contenders Vs All Stars' format was introduced to invite past competitors to compete against first-time entrants.

The Cobber Challenge uniquely positions the Cobber brand as the brand of choice for hard-working dogs around the country, thousands of whom are fuelled by Cobber. Details of the 2020 challenge can be found on the website: www.cobberchallenge.com.au.

The Cobber Challenge is a three week national competition that celebrates the invaluable contribution of working dogs to Australian farms, where two dogs from each state wear Global Positioning System (**GPS**) collars for the duration of the competition to track their speed, distance and duration worked on farm. Points are awarded based on the data collected each day, and the dog with the most points at the conclusion of the competition is declared the Cobber Challenge champion.

Customer recognition

In February 2020, Ridley was recognised by its two largest Packaged Products customers, AIRR and Nutrien/CRT, as their Supplier of the Year – Animal Nutrition. These awards are based on sales support, product quality, customer service, innovation, marketing and supply chain, and are great recognition of Ridley's effort in striving to be value-adding business partners to our customers. It was the second year in a row for CRT to recognise Ridley as such, and the first year in which Ridley received the Windmill trophy from AIRR.

Facing a challenging competitive marketplace, the Barastoc marketing team devised and executed the Golden Note promotion. This promotion focused on the unique positioning of Barastoc Golden Yolk, whereby through our retailer network, consumers were able to participate in a competition to win a replica golden note in 24ct. gold. The campaign captured market share and increased the brand awareness.

Ridley strives to be a value-adding business partner to our customers.


RIDLEY

Financial Review

Alan Boyd
Chief Financial Officer
and Company Secretary

Results

For statutory reporting purposes, the consolidated profit and loss (**Table 1**) from continuing operations after income tax for the year was a loss of $8.6 million (**m**) (2019: $23.6m profit). The consolidated profit and loss from continuing operations before income tax for the year was a loss of $15.8m (2019: $30.3m profit).

Table 1 – Summary results	2020 $'000	2019 $'000
Profit from continuing operations before significant items and before income tax	**27,431**	24,178
Individually significant items before income tax	**(43,216)**	6,161
(Loss)/profit from continuing operations before income tax	**(15,785)**	30,339
Income tax benefit/(expense)	**7,145**	(6,774)
(Loss)/profit from continuing operations after income tax	**(8,640)**	23,565
Other comprehensive income/(loss), net of income tax	**114**	(403)
Total comprehensive (loss)/income for the year	**(8,526)**	23,162

The profit and loss summary with a prior period comparison provided in Table 1 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 1 is useful for users as it reflects the underlying profits of the business.

Profit from continuing operations before significant items and before income tax (**Table 1**) of $27.4m was up $3.2m from the prior year's $24.2m.

Sales revenue for FY20 of $967.9m was down $34.7m (3.5%) on last year's $1,002.6m, and reflects 1.79m (2019: 1.89m) tonnes of stockfeed and rendered product sold. The decrease in sales revenue is a reflection of the October 2018 expiry of the Inghams supply agreement (year on year 65,000 tonnes reduction), the pass through of raw material price movements, and a tightening of sales arising from the COVID-19 pandemic.

Financial Review continued

Operating result

Table 2 – Profit and loss account in $ million	2020	2019	Movement
Earnings before net interest, tax expense, depreciation and amortisation (EBITDA) from ongoing operations before individually significant items	**64.3**	59.4	4.9
EBITDA impact of introduction of lease accounting standard	**5.0**	-	5.0
Less: Corporate	**(9.8)**	(11.3)	1.5
Consolidated EBITDA before significant items	**59.5**	48.1	11.4
Individually significant items (Table 3)	**(43.2)**	6.2	(49.4)
Consolidated EBITDA	**16.3**	54.3	(38.0)
Depreciation and amortisation (**DA**)	**(26.2)**	(18.9)	(7.3)
Consolidated EBIT	**(9.9)**	35.4	(45.3)
Net finance costs	**(5.8)**	(5.0)	(0.8)
Income tax benefit/(expense)	**7.1**	(6.8)	13.9
Reported net (loss)/profit after tax	**(8.6)**	23.6	(32.2)
Comprehensive income/(loss), net of tax	**0.1**	(0.4)	0.5
Total comprehensive (loss)/income for the year	**(8.5)**	23.2	(31.7)

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 reported EBITDA from ongoing operations before significant items and lease accounting impact of $64.3m is $4.9m above last year's equivalent $59.4m.

Consolidated EBITDA of $16.3m (after significant items and lease accounting impact) is reported after deducting $43.2m of significant expense items and adding back lease payments of $5.0m previously expensed under the former lease accounting arrangements.

The introduction of the new lease accounting standard gives rise to a favourable $5.0m EBITDA impact, unfavourable $4.9m increase in DA, and $0.4m increase in interest expense as detailed in Notes 5(b) and 5(c) to the financial statements.

Corporate costs have been reduced by $1.5m to $9.8m, which is consistent with the prior year after concluding the Baiada legal claim in February 2020 and after implementing the internal restructure.

Details of the individually significant items are provided in the following section of this review.

Net finance costs have increased as a result of the higher borrowings associated with the major capital expenditure program, which has concluded with the 3 August 2020 official opening of the new Wellsford feedmill, plus the $0.4m incremental charge associated with the change in accounting treatment for leases.

The income tax expense is calculated taking full account of the significant items.

The available-for-sale financial sale was disposed of during the financial year, thereby realising the fair value reserve, generating other comprehensive income of $0.1m, and realising cash proceeds of $1.9m.

Individually significant items impacting the FY20 result

Table 3 – Individually significant items in $ million	2020	2019	Movement
Murray Bridge feedmill closure	**(7.2)**	-	(7.2)
Internal restructure	**(4.2)**	-	(4.2)
Restructure of Central Victorian operations	**(7.0)**	-	(7.0)
Settlement of legal claim	**(1.9)**	-	(1.9)
Impairment of Novacq™ Cash Generating Unit	**(21.6)**	-	(21.6)
Impairment of Moolap investment property	**(1.3)**	-	(1.3)
Property segment profit[1]	**-**	6.2	(6.2)
Total individually significant items	**(43.2)**	6.2	(49.4)

1. The Property segment was closed on 30 June 2019 and ongoing surplus property maintenance costs absorbed within Corporate from 1 July 2019.

The profit and loss individually significant items 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 profit and loss significant items summary in Table 3 is useful for users as it reflects the underlying profits of the business.

The reported result was impacted by six individually significant events, being the closure of the Murray Bridge feedmill, an internal restructure of the business in each of the first half and second half years, rationalisation of the Central/Northern Victorian operations, the settlement of the legal claim from a major customer, the impairment of the Novacq™ Cash Generating Unit (**CGU**), and the impairment of the Moolap investment property asset. All of these events have been progressively announced to the market through the ASX Announcements Platform.

Murray Bridge feedmill closure

The aggregate financial impact of the closure of the Murray Bridge feedmill for the year ended 30 June 2020 amounts to the $7.2m brought to account in the first half year, which includes appropriate provisioning to complete the site demolition, remediation, rezoning approvals and asset removal. Of the total restructuring provision brought to account, $4.4m represents non-cash write-downs of fixed assets to nil value, and $2.1m is retained at 30 June 2020 for activities to be conducted in FY21.

Internal restructure

The aggregate cost of internal restructure reflected in the year result amounts to $4.2m, of which $2.9m was incurred in the first half year and $1.3m in the second half year. The reported amounts include all notice periods, severance payments and associated oncosts. The new Ridley group structure has removed a number of layers in certain parts of the organisation, provides clear lines of accountability, facilitates a more proactive relationship with customers, and enables effective leveraging of the centralised procurement purchasing and nutrition expertise.

Rationalisation of Central and Northern Victorian operations

Ridley's operations in Central and Northern Victoria were rationalised in June with the announcement of the immediate closure of the former Bendigo feedmill and transition of Mooroopna production to the new Wellsford feedmill over the first eight months of FY21, at the conclusion of which the Mooroopna feedmill will also be closed. The total cost brought to account in FY20 in respect of this rationalisation is $7.0m, comprising non-cash asset write-offs of $5.6m plus all estimated redundancy, site demolition, remediation, rezoning approvals and asset removal costs.

Settlement of legal claim

On 14 February 2020, Ridley announced the settlement of the legal proceedings whereby Baiada immediately terminated its legal proceedings and Ridley agreed to pay $1.935m to Baiada in three instalments over a 12-month period, all of which have been brought to account in the full year results. As part of the settlement, the existing supply agreement between Ridley and Baiada was amended to provide production efficiencies for Ridley and changes to the fee structure. The term of the agreement was extended for a further two years to expire on 30 November 2025.

Impairment of Novacq™ Business Unit

Although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, delays in the development and installation of processing technology have hindered the scale-up of production and restricted sales volumes and earnings accordingly.

As a consequence of the above, coupled with the general economic uncertainty prevailing in domestic and world markets, the Company has raised a non-cash impairment of $21.6m in its Novacq™ CGU in the financial results for the year ended 30 June 2020.

Impairment of Moolap investment property

With the prospects of a commercial development considered to be low under the Victorian State Government's strategic framework for the region encompassing Ridley's Moolap site, the site has been impaired down to zero as at 30 June 2020.

Balance Sheet

The Balance Sheet reports a net deficiency in liquidity with current liabilities of $379.9m exceeding current assets of $262.2m by $117.7m. This position is a result of the borrowing liability of $193.0m being reported as a current liability for the reasons stated following.

Subsequent to 30 June 2020 and prior to 13 August 2020, the Group received certain waivers from its lenders on its financial covenants for the 30 June 2020 testing period. These waivers provide financial covenant relief in respect of any impairment charges raised against the FY20 result.

On 13 August 2020, the Ridley Board considered and resolved to approve the recognition of non-cash impairment charges against the Novacq™ CGU. Despite having received the impairment waivers, the Australian Accounting Standards deem this decision to have applied as at 30 June 2020 (i.e. prior to the granting of the impairment waivers by the Group's financiers), and therefore that there has been a technical breach of banking covenants, which requires the Group's borrowings to be reported as current rather than non-current. At the date of approval of the Financial Report, the lending facilities have been restored to the classification of non-current borrowings and the Group has remained at all times compliant with its funding covenants, including as at the most recent test date of 30 June 2020.

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

(i) A $45.8m increase in net debt for the year from $101.4m to $147.2m, reflecting the completion of the capital investment program to construct a new extrusion plant at Westbury in Tasmania and feedmill at Wellsford in Central Victoria. Net debt at 30 June 2020 comprises gross borrowings of $193.0m offset by cash and cash equivalent balances of $45.8m.

(ii) A $3.5m increase in current receivables from $108.2m to $111.7m, which reflects a normal fluctuation in timing between invoicing and receipts and no movement in debtor days outstanding from the 33-day pre-COVID-19 position at 30 June 2020.

(iii) A $20.6m increase in inventory from $83.8m to $104.4m, which reflects a combination of higher inventory holdings to ensure continuity of production in the current environment of uncertain supply, plus an increase in stockbuild for new fin fish feed production and the forthcoming prawn growing season.

(iv) A $10.0m decrease in non-current receivables from $11.7m to $1.7m, due to the $3.85m receipt of prior year land sale deferred consideration plus the $6.6m recapitalisation of the loan to the former Thailand 49% joint venture interest, which became wholly-owned and consolidated during the year.

(v) The impairment down to zero in the financial year of the carrying values of the former saltfields at Moolap previously carried at $1.3m and disclosed as non-current investment property.

(vi) A $34.9m increase in non-current property, plant and equipment from $259.3m to $294.2m, which reflects the costs of completion for the new extrusion plant at Westbury and feedmill at Wellsford. In addition, $13.8m of right-of-use assets, formerly off-balance sheet operating leased assets, were brought onto the Balance Sheet effective from 1 July 2019 as a result of the introduction of the new lease accounting standard (refer Notes 5(c) and 28 to the financial statements). The closing carrying value of these assets as at 30 June 2020 was $8.8m after applying an amortisation charge of $4.9m. The closing balance of property, plant and equipment reflects the write-down of Bendigo and Mooroopna assets of $5.2m and Murray Bridge assets of $4.4m. Of the total impairment charge of $21.6m raised in the year, $7.9m was applied to property, plant and equipment in the Novacq™ CGU.

(vii) A net $10.7m decrease in intangibles from $85.7m to $75.0m comprising additions for software purchases of $0.3m, capitalised Novacq™ assets under development in Thailand of $3.4m, and goodwill of $1.0m. Offsetting the additions were the amortisation charge of $1.8m, disposals of $0.1m, and the $13.7m impairment of the Novacq™ CGU asset under development.

(viii) The 49% shareholding in the non-current equity-accounted investment in the Thailand feedmill was increased during the year to 100%, recapitalised and consolidated within the Group. The available-for-sale financial asset investment in the UK-listed specialist ingredients company was sold during the year.

(ix) A $4.9m increase in provisions, which comprises a new $6.3m restructuring provision to cover the FY21 non-cash write-down of Mooroopna assets ($2.8m), plus all anticipated costs associated with the disposal of the feedmills at Murray Bridge, Bendigo and Mooroopna ($3.5m) offset by a $1.4m reduction in employee provisions following the FY20 internal restructure.

(x) Current lease liabilities of $4.2m and non-current lease liabilities of $4.8m are brought to account for the first full financial year within Balance Sheet payables as a result of the introduction of the new lease accounting standard.

(xi) Share capital increased by $4.6m through of the utilisation of the Dividend Reinvestment Plan supported by a shortfall placement for the FY20 interim dividend.

Dividend

The Board paid a 2019 final cash dividend of 2.75 cents per share, fully franked, on 31 October 2019, and a 2020 interim dividend of 1.5 cents per share, fully franked, on Thursday 30 April 2020. The Dividend Reinvestment Plan (**DRP**) was reinstated for the 2020 interim dividend, under which 2,862,277 fully paid ordinary shares were issued to existing shareholders plus 3,313,057 fully paid ordinary shares under a placement shortfall at an issue price of $0.748 per share.

After the balance sheet date, the Ridley Board determined not to pay a dividend and to apply these funds to the retirement of net debt. This dividend decision was made in respect of the final FY20 dividend only, and was made in accordance with Ridley practice to consider the payment of dividends in the context of capital requirements, net debt, the earnings and cash flow conversion of the business and the growth opportunities prevalent and foreseeable at the time of dividend declaration.

Cash flow and working capital

The operating cash inflow for the year (**Table 4**) after working capital movements and maintenance capital expenditure was $18.3m, a reduction of $15.4m on last year's $33.7m. The $22.8m impairment of the Novacq™ CGU and Moolap investment property is a non-cash expense.

Working capital increased by $7.5m over last year largely due to an increase in inventory holding levels, which have been temporarily raised to ensure continuity of raw material supply in the current environment of uncertainty. Maintenance capital expenditure has been maintained at historical levels.

Development capital expenditure of $42.9m includes the completion of the extrusion plant at Westbury, Tasmania and the feedmill at Wellsford, Victoria, which was officially opened on 3 August 2020.

Payments for intangible assets of $4.5m comprise Novacq™ assets under development and software, plus goodwill of $1.0m initially recognised on the acquisition of the controlling interest in the Thailand feedmill but subsequently impaired to zero.

Dividends paid for the year of $10.9m comprise the 2019 final dividend of 2.75 cents per share paid fully in cash on 31 October 2019, plus the interim FY20 dividend of 1.5 cents per share paid on 30 April 2020, of which $2.1m was settled through the take-up of DRP entitlements by existing shareholders and $0.2m through payment of employee in-substance options.

$2.4m of proceeds were received in respect of the FY20 interim dividend DRP placement shortfall, and $0.2m was expended to acquire 150,000 shares issued to two key employees under the Special Retention Plan.

The prior year disposal of property assets realised $3.8m of proceeds in the year, with a further $1.9m of proceeds generated from the sale of the available-for-sale financial asset.

$0.5m of funds were loaned to the Thailand Joint Venture prior to it becoming wholly owned as part of the land and share acquisition transaction, for which the cash consideration paid was $8.6m and attributed to property, plant and equipment.

Net tax payments of $4.3m were made during the year and $6.2m in net finance costs.

Table 4 – Cash flows for the year in $ million	30 June 2020	30 June 2019
Consolidated EBIT	**(9.9)**	35.4
Depreciation and amortisation	**26.2**	18.9
Consolidated EBITDA	**16.3**	54.3
Add back non-cash impairment	**22.8**	-
Increase in working capital	**(7.5)**	(7.3)
Maintenance capital expenditure	**(13.3)**	(13.3)
Operating cash flow	**18.3**	33.7
Development capital expenditure	**(42.9)**	(60.0)
Payment for intangibles	**(4.5)**	(5.5)
Dividends paid	**(10.9)**	(11.7)
Issue of share capital under DRP	**2.4**	3.1
Share-based payments	**(0.2)**	(2.4)
Proceeds from sales of assets	**5.7**	5.0
Net finance cost	**(6.2)**	(5.7)
Net tax payments	**(4.3)**	(1.7)
Loans to related parties	**(0.5)**	(0.7)
Payment of lease liabilities for right-of-use assets	**(5.0)**	-
Other items	**2.3**	(2.7)
Cash flow for the year	**(45.8)**	(48.6)
Opening net debt balance at 1 July	**(101.4)**	(52.8)
Closing net debt balance at 30 June	**(147.2)**	(101.4)

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

		2020 Cents	2019 Cents
Basic/Diluted earnings per share	– Continuing	**(2.8)/(2.8)**	7.6/7.6
	– Before significant items #	**7.1/7.1**	7.6/7.6

The profit after income tax before significant items adopted in the above calculation is $21,020,000.

The Directors believe that the presentation of the unaudited non-IFRS EPS calculation before significant items above is useful for users of the accounts as it reflects the underlying earnings per share of the business.

Gearing and financing facility

On 13 November 2019, Ridley executed a new $30m Receivables Purchase Agreement facility with Rabobank. The facility was and remains fully drawn down, with the funds applied against Ridley's consolidated banking facility, which was refinanced on 26 December 2019 for a further five years. As part of the refinancing, the total borrowing facility of $200m and the Trade Payables facility of $50m were both retained.

In addition, certain banking covenant requirements were relaxed to accommodate the funding requirements for the new plants at Westbury and Wellsford, the closure of the Murray Bridge feedmill, the restructure of Central Victorian operations, and internal restructure of the business.

Gearing is reported as net debt to equity in accordance with the covenants of the banking facility, and includes the fully drawn Receivables Purchase Agreement facility, but excludes the draw down against the Trade Payables facility.

	2020 $'000	2019 $'000
Gross debt	**193,000**	118,926
Less: cash	**(45,818)**	(17,483)
Net debt	**147,182**	101,443
Total equity	**261,645**	277,499
Gearing ratio	**56.3%**	36.6%

Capital movements

During FY20, a total of 150,000 (FY19: 2,092,935) shares were acquired by the Company on market for an outlay of $0.2m (FY19: $2.8m) in satisfaction of:

(i) the vesting of 150,000 (FY19: nil) shares under the Special Retention Plan, which were acquired on-market for a total outlay of $163,387;

(ii) the vesting of nil (FY19: 1,384,802 with a further 24,123 share entitlement satisfied by payment in cash) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan; and

(iii) the vesting of nil (FY19: 708,133) shares allocated under the Ridley Employee Share Scheme, which was suspended for FY20.

The Dividend Reinvestment Plan (**DRP**) was utilised for the payment of the FY20 interim dividend on 30 April 2020, which resulted in the issue of 2,862,277 (2019: 896,926) fully paid ordinary shares to existing shareholders, plus 3,313,057 (2019: 2,542,224) fully paid ordinary shares issued to institutional and sophisticated investors pursuant to a shortfall placement under the DRP. The issue price for these shares was $0.748 per share.

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 (**CODM**).

Segment results 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, borrowings, income tax assets and liabilities and surplus property asset holding costs. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

On 26 August 2019, Ridley appointed Mr Quinton Hildebrand as its new Chief Executive Officer and Managing Director (**CEO**). Following the appointment of the new CEO, Ridley has set a new strategic direction, continued the disposal of surplus property assets, announced a number of restructuring initiatives to better align the Group's operating model and site footprint to the new strategy, and has undertaken necessary investments to maximise the potential of Novacq™. These activities have included:

- An organisational redesign announced on 11 November 2019 involving changes in executive leadership and the establishment of a leaner organisational design, followed by a subsequent restructure announced on 23 June 2020 across those business units not included in the initial announcement.
- The closure, rationalisation or suspension of operations at selected feedmills across Australia and Thailand, combined with the commissioning of new facilities at Westbury and Wellsford.
- Continued divestment of residual property assets, with the remaining property at Moolap written down to nil as at 30 June 2020 as a reflection of the Victorian State Government's restrictions for the commercial development of the site as published in its August 2019 Moolap Coastal Strategic Framework Plan. Activities to divest the last remaining land parcel at Lara and the Moolap site are continuing in FY21.

In light of the above, and recognising the fundamental changes in business activity, the new organisational structure and internal reporting to the CODM arising from the FY20 business restructures, from 1 July 2020 Ridley expects to report segment information for:

- Bulk Stockfeeds – comprising the Group's premium quality, high-performance animal nutrition stockfeed solutions delivered in bulk.
- Packaged Feeds and Ingredients – comprising the Group's premium quality, high-performance animal nutrition feed and ingredient solutions delivered in packaged form from one-tonne bulka bag down to 3kg bags.

Vast array of new processes, practices and procedures introduced to safeguard the safety and well-being of the Ridley network.

Financial Review 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, Aquafeed, Beef and Sheep, Companion Animals, Consumer Goods, 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 for the feed Ridley manufactures on their behalf, 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 –** while 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, Pig and Aquafeed.
- **Impact on domestic and export markets in the event of disease outbreak in livestock or market access restrictions offshore due to increased segregation requirements in rendering –** Ridley has a strategy of plant 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 the 2016 outbreak of White Spot disease (White Spot Syndrome Virus or WSSV) in the Logan River region of Queensland, which devastated a number of affected farms in the region, or from an offshore market demanding increased product segregation in rendering such as the Indonesian decree across animal protein imports issued in 2018 that banned Ridley's rendered product exports to Indonesia.
- **Customer and supplier concentration and risk of customer and supplier vertical integration or risk of losing a significant customer or supplier –** Ridley endeavours to enter into long-term sales and supply contracts with its customers and suppliers. This strategy 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 and forward integration into rendering by significant suppliers. 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 the Maroota Rendering operation. The potential for disputes to arise with customers over animal performance linked to feed is a significant risk.
- **Commercialising Novacq™ –** although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, current delays in the development and installation of processing technology have hindered scale-up of production and restricted sales volumes and earnings accordingly. Although commercialisation of Novacq™ and risk mitigation strategies are being actively managed by Ridley, risks exist with any start-up business, some of which are beyond Ridley's control and could further delay commercialisation. Risks such as adverse weather impacting the expansion of pond space to produce Novacq™, falling demand for prawns due to a significant disease outbreak, or from the current global economic uncertainty.
- **Corporate –** risks such as safety, recruitment and retention of high-calibre employees, inadequate innovation and new product development, customer credit risk, climate risk, interest rate risk, foreign exchange risk and inappropriate raw material purchases, risk of lower than anticipated return on capital invested and risk of lower underlying earnings are all managed through the Group's risk management framework, which includes review and monitoring by the executive lead team.

Overlaying the day-to-day business activity risks are the unique operational risks associated with the COVID-19 pandemic, the management of which has necessitated the introduction of a vast array of new practices, processes and procedures collectively designed to ensure the safety and wellbeing of all Ridley and related personnel while maintaining essential continuity of supply to all farmers of livestock.

Among a host of other risk management measures, segregation of shift structures, a thorough cleaning regime using external contractors and a dedicated internal team have been introduced for all operational sites in order to be able to manage any potential infection that may be detected within a particular shift structure. To date, these measures have proven to be effective; however, all personnel have been instructed to be vigilant and diligent in adhering to the new requirements, which will remain in place for the foreseeable future and until such time as there is a significant shift in the risk profile.

Board of Directors

Dr Gary H Weiss AM
LLB (Hons) LLM (NZ)
JSD (Cornell, NY)

Independent Non-Executive Director and Chair to 26 August 2020

Appointed in June 2010, Dr Weiss is an Executive Director of Ariadne Australia Ltd and a former executive director of Guinness Peat Group plc (now Coats plc). Gary holds LL.B (Hons) and LLM (Dist.) degrees from Victoria University of Wellington, New Zealand and a JSD degree from Cornell University, New York. Gary has extensive experience in international capital markets and is a Director of a number of public and private companies. Gary was appointed Ridley Chair on 1 July 2015. In June 2019, Gary was appointed as a Member of the Order of Australia.

Other current listed company directorships

Ariadne Australia Limited from 1989.

Thorney Opportunities Limited from 2013.

The Straits Trading Company Limited from 2014.

Estia Health Ltd from 24 February 2016.

Ardent Leisure Group Limited from 3 September 2017.

Former listed company directorships in the last three years

Tag Pacific Limited from 1988 until 31 August 2017.

Pro-Pac Packaging Limited from 2012 until November 2017.

Premier Investments Limited from 1994 until July 2018.

Quinton L Hildebrand
BSc AgEcon, MBA

Chief Executive Officer and Managing Director

Mr Hildebrand has more than 20 years of experience in the agribusiness and food industries across Australia and in South Africa. He has extensive experience in general management, commerce, marketing, sales, supply chain and logistics, planning and operations.

In his most recent role, which commenced in 2015, Quinton was Chief Commercial Officer and Operations Excellence Director at Inghams Group Limited. In 2018, Quinton was appointed as Interim Chief Executive Officer (CEO).

Prior to joining Inghams Group Limited, Mr Hildebrand was CEO of Mackay Sugar Limited from 2008 to 2015, General Manager Marketing at Illovo Sugar in South Africa from 2007 to 2008, and International Marketing Director at South African Sugar Association from 2001 to 2007.

Mr Hildebrand has a Bachelor of Science in Agricultural Economics from the University of Natal in South Africa, a Master of Business Administration from the Edinburgh Business School in Scotland, and a Graduate Diploma in Banking from the Institute of Bankers in South Africa.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

David J Lord
MBA (Executive) MBS, Grad. Dip. Bus (Management)(Monash) MAICD

Independent Non-Executive Director

Appointed in April 2016, Mr Lord has enjoyed a senior management career in consumer products and agribusiness, most recently as President and Chief Operating Officer of Saputo Dairy Division (Australia), as CEO and Managing Director of Warrnambool Cheese & Butter Factory Company Limited (ASX:WCB), and he currently serves on the board of Dairy Australia Corporation. Between 2002 and 2009, David was CEO and Managing Director of Parmalat Australia. David has extensive executive director experience in supply chain, the domestic markets for consumer and industrial food products, and the marketing of Australian dairy products in the international commodity markets. From 28 June 2019 to 26 August 2019, Mr Lord was appointed to the executive position as Interim CEO for the Ridley consolidated group while it conducted its CEO search.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Patria M Mann
BEc FAICD

Independent Non-Executive Director

Appointed in March 2008, Mrs Mann has over 17 years' experience as a Non-Executive Director across various sectors and is currently also on the boards of Event Hospitality & Entertainment Limited and Bega Cheese Limited. As an experienced director and a former partner at KPMG, Patria brings strong ASX, audit, risk management and governance experience to the Board. Patria qualified as a Chartered Accountant and is a Fellow of the Institute of Company Directors.

Other current listed company directorships

Event Hospitality & Entertainment Limited from October 2013.

Bega Cheese Limited from 10 September 2019.

Former listed company directorships in the last three years

None.

Professor Robert J van Barneveld
B.Agr.Sc. (Hon), PhD, R.An.Nutr., FAICD

Independent Non-Executive Director

Appointed in June 2010, 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. 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. Rob also serves on the Board of the Australasian Pork Research Institute Ltd and is Chairman of Autism CRC 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 and AGR Partners, LLC.

Appointed in June 2013, Mr Knudsen is the CEO of AGR Partners, LLC, an associated entity of Ridley's largest shareholder, AGR Agricultural Investments 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 California grain and feed milling company that grew to over $1 billion in sales. Ejnar spent 10 years as Vice President for Rabobank in New York managing a loan portfolio, equity investments, and corporate advisory services.

Other current listed company directorships

Green Plain Inc.

Former listed company directorships in the last three years

None.

Financial Report

Directors' Report

For the Year Ended 30 June 2020

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 (**FY**) ended 30 June 2020.

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:

G H Weiss	Q L Hildebrand[1]	D J Lord[2]	R J van Barneveld
P M Mann	E Knudsen		

1. Mr Hildebrand was appointed as Chief Executive Officer (**CEO**) and Managing Director on 26 August 2019.
2. Mr Lord was Interim CEO from 1 July 2019 to 25 August 2019.

The Ridley Board was restructured following the adoption of this report as detailed in the Post Balance Date Event note (Directors' Report Note 11).

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

For statutory reporting purposes, the consolidated profit and loss (**Table 1**) from continuing operations after income tax for the year was a loss of $8.6 million (**m**) (2019: $23.6m profit). The consolidated profit and loss from continuing operations before income tax for the year was a loss of $15.8m (2019: $30.3m profit).

Table 1 – Summary results	2020 $'000	2019 $'000
Profit from continuing operations before significant items and before income tax	**27,431**	24,178
Individually significant items before income tax	**(43,216)**	6,161
(Loss)/profit from continuing operations before income tax	**(15,785)**	30,339
Income tax benefit/(expense)	**7,145**	(6,774)
(Loss)/profit from continuing operations after income tax	**(8,640)**	23,565
Other comprehensive income/(loss), net of income tax	**114**	(403)
Total comprehensive (loss)/income for the year	**(8,526)**	23,162

The profit and loss summary with a prior period comparison provided in Table 1 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 1 is useful for users as it reflects the underlying profits of the business.

Profit from continuing operations before significant items and before income tax (**Table 1**) of $27.4 m was up $3.2m from the prior year's $24.2m.

Sales revenue for FY20 of $967.9m was down $34.7m (3.5%) on last year's $1,002.6m, and reflects 1.79m (2019: 1.89m) tonnes of stockfeed and rendered product sold. The decrease in sales revenue is a reflection of the October 2018 expiry of the Inghams supply agreement (year on year 65,000 tonnes reduction), the pass through of raw material price movements, and a tightening of sales arising from the COVID-19 pandemic.

4. Review of operations

Operating result

Table 2 – Profit and loss account in $ million	2020	2019	Movement
Earnings before net interest, tax expense, depreciation and amortisation (EBITDA) from ongoing operations before individually significant items	**64.3**	59.4	4.9
EBITDA impact of introduction of lease accounting standard	**5.0**	-	5.0
Less: Corporate	**(9.8)**	(11.3)	1.5
Consolidated EBITDA before significant items	**59.5**	48.1	11.4
Individually significant items (Table 3)	**(43.2)**	6.2	(49.4)
Consolidated EBITDA	**16.3**	54.3	(38.0)
Depreciation and amortisation (**DA**)	**(26.2)**	(18.9)	(7.3)
Consolidated EBIT	**(9.9)**	35.4	(45.3)
Net Finance costs	**(5.8)**	(5.0)	(0.8)
Income tax benefit/(expense)	**7.1**	(6.8)	13.9
Reported net (loss)/profit after tax	**(8.6)**	23.6	(32.2)
Comprehensive income/(loss), net of tax	**0.1**	(0.4)	0.5
Total comprehensive (loss)/income for the year	**(8.5)**	23.2	(31.7)

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 reported EBITDA from ongoing operations before significant items and lease accounting impact of $64.3m is $4.9m above last year's equivalent $59.4m.

Consolidated EBITDA of $16.3m (after significant items and lease accounting impact) is reported after deducting $43.2m of significant expense items and adding back lease payments of $5.0m previously expensed under the former lease accounting arrangements.

The introduction of the new lease accounting standard gives rise to a favourable $5.0m EBITDA impact, unfavourable $4.9m increase in DA, and $0.4m increase in interest expense as detailed in Notes 5(b) and 5(c).

Corporate costs have been reduced by $1.5m to $9.8m, which is consistent with the prior year after concluding the Baiada legal claim in February 2020 and after implementing the internal restructure.

Details of the individually significant items are provided in the following section of this review.

Net finance costs have increased as a result of the higher borrowings associated with the major capital expenditure program, which has concluded with the 3 August 2020 official opening of the new Wellsford feedmill, plus the $0.4m incremental charge associated with the change in accounting treatment for leases.

The income tax expense is calculated taking full account of the significant items.

The available-for-sale financial sale was disposed of during the financial year, thereby realising the fair value reserve, generating other comprehensive income of $0.1m, and realising cash proceeds of $1.9m.

Individually significant items impacting the FY20 result

Table 3 – Individually significant items in $ million	2020	2019	Movement
Murray Bridge feedmill closure	**(7.2)**	-	(7.2)
Internal restructure	**(4.2)**	-	(4.2)
Restructure of Central Victorian operations	**(7.0)**	-	(7.0)
Settlement of legal claim	**(1.9)**	-	(1.9)
Impairment of Novacq™ Cash Generating Unit	**(21.6)**	-	(21.6)
Impairment of Moolap investment property	**(1.3)**	-	(1.3)
Property segment profit[1]	**-**	6.2	(6.2)
Total individually significant items	**(43.2)**	6.2	(49.4)

1. The Property segment was closed on 30 June 2019 and ongoing surplus property maintenance costs absorbed within Corporate from 1 July 2019.

The profit and loss individually significant items 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 profit and loss significant items summary in Table 3 is useful for users as it reflects the underlying profits of the business.

The reported result was impacted by six individually significant events, being the closure of the Murray Bridge feedmill, an internal restructure of the business in each of the first half and second half years, rationalisation of the Central/Northern Victorian operations, the settlement of the legal claim from a major customer, the impairment of the Novacq™ Cash Generating Unit (**CGU**), and the impairment of the Moolap investment property asset. All of these events have been progressively announced to the market through the ASX Announcements Platform.

Murray Bridge feedmill closure

The aggregate financial impact of the closure of the Murray Bridge feedmill for the year ended 30 June 2020 amounts to the $7.2m brought to account in the first half year, which includes appropriate provisioning to complete the site demolition, remediation, rezoning approvals and asset removal. Of the total restructuring provision brought to account, $4.4m represents non-cash write-downs of fixed assets to nil value, and $2.1m is retained at 30 June 2020 for activities to be conducted in FY21.

Internal restructure

The aggregate cost of internal restructure reflected in the year result amounts to $4.2m, of which $2.9m was incurred in the first half year and $1.3m in the second half year. The reported amounts include all notice periods, severance payments and associated oncosts. The new Ridley group structure has removed a number of layers in certain parts of the organisation, provides clear lines of accountability, facilitates a more proactive relationship with customers, and enables effective leveraging of the centralised procurement purchasing and nutrition expertise.

Rationalisation of Central and Northern Victorian operations

Ridley's operations in Central and Northern Victoria were rationalised in June with the announcement of the immediate closure of the former Bendigo feedmill and transition of Mooroopna production to the new Wellsford feedmill over the first eight months of FY21, at the conclusion of which the Mooroopna feedmill will also be closed. The total cost brought to account in FY20 in respect of this rationalisation is $7.0m, comprising non-cash asset write-offs of $5.6m plus all estimated redundancy, site demolition, remediation, rezoning approvals and asset removal costs.

Settlement of legal claim

On 14 February 2020, Ridley announced the settlement of the legal proceedings whereby Baiada immediately terminated its legal proceedings and Ridley agreed to pay $1.935m to Baiada in three instalments over a 12-month period, all of which have been brought to account in the full year results. As part of the settlement, the existing supply agreement between Ridley and Baiada was amended to provide production efficiencies for Ridley and changes to the fee structure. The term of the agreement was extended for a further two years to expire on 30 November 2025.

Impairment of Novacq™ Business Unit

Although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, delays in the development and installation of processing technology have hindered the scale-up of production and restricted sales volumes and earnings accordingly.

As a consequence of the above, coupled with the general economic uncertainty prevailing in domestic and world markets, the Company has raised a non-cash impairment of $21.6 million in its Novacq™ CGU in the financial results for the year ended 30 June 2020.

Impairment of Moolap investment property

With the prospects of a commercial development considered to be low under the Victorian State Government's strategic framework for the region encompassing Ridley's Moolap site, the site has been impaired down to zero as at 30 June 2020.

4. Review of operations continued

Balance Sheet

The Balance Sheet reports a net deficiency in liquidity with current liabilities of $379.9m, exceeding current assets of $262.2m by $117.7m. This position is a result of the borrowing liability of $193.0m being reported as a current liability for the reasons stated following.

Subsequent to 30 June 2020 and prior to 13 August 2020, the Group received certain waivers from its lenders on its financial covenants for the 30 June 2020 testing period. These waivers provide financial covenant relief in respect of any impairment charges raised against the FY20 result.

On 13 August 2020, the Ridley Board considered and resolved to approve the recognition of non-cash impairment charges against the Novacq™ CGU. Despite having received the impairment waivers, the Australian Accounting Standards deem this decision to have applied as at 30 June 2020 (i.e. prior to the granting of the impairment waivers by the Group's financiers), and therefore that there has been a technical breach of banking covenants, which requires the Group's borrowings to be reported as current rather than non-current. At the date of approval of the Financial Report, the lending facilities have been restored to the classification of non-current borrowings and the Group has remained at all times compliant with its funding covenants, including as at the most recent test date of 30 June 2020.

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

(i) A $45.8m increase in net debt for the year from $101.4m to $147.2m, reflecting the completion of the capital investment program to construct a new extrusion plant at Westbury in Tasmania and feedmill at Wellsford in Central Victoria. Net debt at 30 June 2020 comprises gross borrowings of $193.0m offset by cash and cash equivalent balances of $45.8m.

(ii) A $3.5m increase in current receivables from $108.2m to $111.7m, which reflects a normal fluctuation in timing between invoicing and receipts and no movement in debtor days outstanding from the 33-day pre-COVID-19 position at 30 June 2020.

(iii) A $20.6m increase in inventory from $83.8m to $104.4m, which reflects a combination of higher inventory holdings to ensure continuity of production in the current environment of uncertain supply plus an increase in stockbuild for new fin fish feed production and the forthcoming prawn growing season.

(iv) A $10.0m decrease in non-current receivables from $11.7m to $1.7m, due to the $3.85m receipt of prior year land sale deferred consideration plus the $6.6m recapitalisation of the loan to the former Thailand 49% joint venture interest, which became wholly-owned and consolidated during the year.

(v) The impairment down to zero in the financial year of the carrying values of the former saltfields at Moolap previously carried at $1.3m and disclosed as non-current investment property.

(vi) A $34.9m increase in non-current property, plant and equipment from $259.3m to $294.2m, which reflects the costs of completion for the new extrusion plant at Westbury and feedmill at Wellsford. In addition, $13.8m of right-of-use assets, formerly off-balance sheet operating leased assets, were brought onto the balance sheet effective from 1 July 2019 as a result of the introduction of the new lease accounting standard (refer Notes 5(c) and 28). The closing carrying value of these assets as at 30 June 2020 was $8.8m after applying an amortisation charge of $4.9m. The closing balance of property, plant and equipment reflects the write-down of Bendigo and Mooroopna assets of $5.2m and Murray Bridge assets of $4.4m. Of the total impairment charge of $21.6m raised in the year, $7.9m was applied to property, plant and equipment in the Novacq™ CGU.

(vii) A net $10.7m decrease in intangibles from $85.7m to $75.0m comprising additions for software purchases of $0.3m, capitalised Novacq™ assets under development in Thailand of $3.4m, and goodwill of $1.0m. Offsetting the additions were the amortisation charge of $1.8m, disposals of $0.1m, and the $13.7m impairment of the Novacq™ CGU asset under development.

(viii) The 49% shareholding in the non-current equity-accounted investment in the Thailand feedmill was increased during the year to 100%, recapitalised and consolidated within the Group. The available-for-sale financial asset investment in the UK-listed specialist ingredients company was sold during the year.

(ix) A $4.9m increase in provisions, which comprises a new $6.3m restructuring provision to cover the FY21 non-cash write-down of Mooroopna assets ($2.8m), plus all anticipated costs associated with the disposal of the feedmills at Murray Bridge, Bendigo and Mooroopna ($3.5m) offset by a $1.4m reduction in employee provisions following the FY20 internal restructure.

(x) Current lease liabilities of $4.2m and non-current lease liabilities of $4.8m are brought to account for the first full financial year within Balance Sheet payables as a result of the introduction of the new lease accounting standard.

(xi) Share capital increased by $4.6m through of the utilisation of the Dividend Reinvestment Plan (**DRP**) supported by a shortfall placement for the FY20 interim dividend.

Dividend

The Board paid a 2019 final cash dividend of 2.75 cents per share, fully franked, on 31 October 2019, and a 2020 interim dividend of 1.5 cents per share, fully franked, on Thursday 30 April 2020. The DRP was reinstated for the 2020 interim dividend, under which 2,862,277 fully paid ordinary shares were issued to existing shareholders, plus 3,313,057 fully paid ordinary shares under a placement shortfall at an issue price of $0.748 per share.

After the balance sheet date, the Ridley Board determined not to pay a dividend and to apply these funds to the retirement of net debt. This dividend decision was made in respect of the final FY20 dividend only, and was made in accordance with Ridley practice to consider the payment of dividends in the context of capital requirements, net debt, the earnings and cash flow conversion of the business and the growth opportunities prevalent and foreseeable at the time of dividend declaration.

Cash flow and working capital

The operating cash inflow for the year (**Table 4 overleaf**) after working capital movements and maintenance capital expenditure was $18.3m, a reduction of $15.4m on last year's $33.7m. The $22.8m impairment of the Novacq™ CGU and Moolap investment property is a non-cash expense.

Working capital increased by $7.5m over last year largely due to an increase in inventory holding levels, which have been temporarily raised to ensure continuity of raw material supply in the current environment of uncertainty.

Maintenance capital expenditure has been maintained at historical levels.

Development capital expenditure of $42.9m includes the completion of the extrusion plant at Westbury, Tasmania and the feedmill at Wellsford, Victoria, which was officially opened on 3 August 2020.

Payments for intangible assets of $4.5m comprise Novacq™ assets under development and software, plus goodwill of $1.0m initially recognised on the acquisition of the controlling interest in the Thailand feedmill but subsequently impaired to zero.

Dividends paid for the year of $10.9m comprise the 2019 final dividend of 2.75 cents per share paid fully in cash on 31 October 2019, plus the interim FY20 dividend of 1.5 cents per share paid on 30 April 2020, of which $2.1m was settled through the take-up of DRP entitlements by existing shareholders and $0.2m through payment of employee in-substance options.

$2.4m of proceeds were received in respect of the FY20 interim dividend DRP placement shortfall and $0.2m was expended to acquire 150,000 shares issued to two key employees under the Special Retention Plan.

The prior year disposal of property assets realised $3.8m of proceeds in the year, with a further $1.9m of proceeds generated from the sale of the available-for-sale financial asset.

$0.5m of funds were loaned to the Thailand Joint Venture prior to it becoming wholly owned as part of the land and share acquisition transaction, for which the cash consideration paid was $8.6m and attributed to property, plant and equipment.

Net tax payments of $4.3m were made during the year and $6.2m in net finance costs.

4. Review of operations continued

Table 4 – Cash flows for the year in $ million	30 June 2020	30 June 2019
Consolidated EBIT	**(9.9)**	35.4
Depreciation and amortisation	**26.2**	18.9
Consolidated EBITDA	**16.3**	54.3
Add back non-cash impairment	**22.8**	-
Increase in working capital	**(7.5)**	(7.3)
Maintenance capital expenditure	**(13.3)**	(13.3)
Operating cash flow	**18.3**	33.7
Development capital expenditure	**(42.9)**	(60.0)
Payment for intangibles	**(4.5)**	(5.5)
Dividends paid	**(10.9)**	(11.7)
Issue of share capital under DRP	**2.4**	3.1
Share-based payments	**(0.2)**	(2.4)
Proceeds from sales of assets	**5.7**	5.0
Net finance cost	**(6.2)**	(5.7)
Net tax payments	**(4.3)**	(1.7)
Loans to related parties	**(0.5)**	(0.7)
Payment of lease liabilities for right-of-use assets	**(5.0)**	-
Other items	**2.3**	(2.7)
Cash flow for the year	**(45.8)**	(48.6)
Opening net debt balance at 1 July	**(101.4)**	(52.8)
Closing net debt balance at 30 June	**(147.2)**	(101.4)

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

		2020 Cents	2019 Cents
Basic/diluted earnings per share	– Continuing	**(2.8)/(2.8)**	7.6/7.6
	– Before significant items #	**7.1/7.1**	7.6/7.6

The profit after income tax before significant items adopted in the above calculation is $21,020,000.

The Directors believe that the presentation of the unaudited non-IFRS EPS calculation before significant items above is useful for users of the accounts as it reflects the underlying earnings per share of the business.

Gearing and financing facility

On 13 November 2019, Ridley executed a new $30m Receivables Purchase Agreement facility with Rabobank. The facility was and remains fully drawn down, with the funds applied against Ridley's consolidated banking facility, which was refinanced on 26 December 2019 for a further five years. As part of the refinancing, the total borrowing facility of $200m and the Trade Payables facility of $50m were both retained. In addition, certain banking covenant requirements were relaxed to accommodate the funding requirements for the new plants at Westbury and Wellsford, the closure of the Murray Bridge feedmill, the restructure of Central Victorian operations, and internal restructure of the business.

Gearing is reported as net debt to equity in accordance with the covenants of the banking facility, and includes the fully drawn Receivables Purchase Agreement facility but excludes the draw down against the Trade Payables facility.

Gearing ratio	2020 $'000	2019 $'000
Gross debt	**193,000**	118,926
Less: cash	**(45,818)**	(17,483)
Net debt	**147,182**	101,443
Total equity	**261,645**	277,499
Gearing ratio	**56.3%**	36.6%

Capital movements

During FY20, a total of 150,000 (FY19: 2,092,935) shares were acquired by the Company on market for an outlay of $0.2m (FY19: $2.8m) in satisfaction of:

(i) the vesting of 150,000 (FY19: nil) shares under the Special Retention Plan, which were acquired on-market for a total outlay of $163,387;

(ii) the vesting of nil (FY19: 1,384,802 with a further 24,123 share entitlement satisfied by payment in cash) shares allocated to Ridley employees under the Ridley Long Term Incentive Plan; and

(iii) the vesting of nil (FY19: 708,133) shares allocated under the Ridley Employee Share Scheme, which was suspended for FY20.

The Dividend Reinvestment Plan (**DRP**) was utilised for the payment of the FY20 interim dividend on 30 April 2020, which resulted in the issue of 2,862,277 (2019: 896,926) fully paid ordinary shares to existing shareholders plus 3,313,057 (2019: 2,542,224) fully paid ordinary shares issued to institutional and sophisticated investors pursuant to a shortfall placement under the DRP. The issue price for these shares was $0.748 per share.

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 (**CODM**).

Segment results 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, borrowings, income tax assets and liabilities and surplus property asset holding costs. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

On 26 August 2019, Ridley appointed Mr Quinton Hildebrand as its new Chief Executive Officer and Managing Director (**CEO**). Following the appointment of the new CEO, Ridley has set a new strategic direction, continued the disposal of surplus property assets, announced a number of restructuring initiatives to better align the Group's operating model and site footprint to the new strategy, and has undertaken necessary investments to maximise the potential of Novacq™. These activities have included:

- An organisational redesign announced on 11 November 2019 involving changes in executive leadership and the establishment of a leaner organisational design, followed by a subsequent restructure announced on 23 June 2020 across those business units not included in the initial announcement.
- The closure, rationalisation or suspension of operations at selected feedmills across Australia and Thailand, combined with the commissioning of new facilities at Westbury and Wellsford.
- Continued divestment of residual property assets, with the remaining property at Moolap written down to nil as at 30 June 2020 as a reflection of the Victorian State Government's restrictions for the commercial development of the site as published in its August 2019 Moolap Coastal Strategic Framework Plan. Activities to divest the last remaining land parcel at Lara and the Moolap site are continuing in FY21.

In light of the above, and recognising the fundamental changes in business activity, the new organisational structure and internal reporting to the CODM arising from the FY20 business restructures, from 1 July 2020 Ridley expects to report segment information for:

- Bulk Stockfeeds – comprising the Group's premium quality, high-performance animal nutrition stockfeed solutions delivered in bulk.
- Packaged Feeds and Ingredients – comprising the Group's premium quality, high-performance animal nutrition feed and ingredient solutions delivered in packaged form from one-tonne bulka bag down to 3kg bags.

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, Aquafeed, Beef and Sheep, Companion Animals, Consumer Goods, 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 for the feed Ridley manufactures on their behalf, 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 –** while 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, pig and aquafeed.
- **Impact on domestic and export markets in the event of disease outbreak in livestock or market access restrictions offshore due to increased segregation requirements in rendering –** Ridley has a strategy of plant 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 the 2016 outbreak of White Spot disease (White Spot Syndrome Virus or WSSV) in the Logan River region of Queensland, which devastated a number of affected farms in the region, or from an offshore market demanding increased product segregation in rendering such as the Indonesian decree across animal protein imports issued in 2018 that banned Ridley's rendered product exports to Indonesia.
- **Customer and supplier concentration and risk of customer and supplier vertical integration or risk of losing a significant customer or supplier –** Ridley endeavours to enter into long-term sales and supply contracts with its customers and suppliers. This strategy 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 and forward integration into rendering by significant suppliers. 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 the Maroota Rendering operation. The potential for disputes to arise with customers over animal performance linked to feed is a significant risk.
- **Commercialising Novacq™ –** although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, current delays in the development and installation of processing technology have hindered scale-up of production and restricted sales volumes and earnings accordingly. Although commercialisation of Novacq™ and risk mitigation strategies are being actively managed by Ridley, risks exist with any start-up business, some of which are beyond Ridley's control and could further delay commercialisation. Risks such as adverse weather impacting the expansion of pond space to produce Novacq™, falling demand for prawns due to a significant disease outbreak, or from the current global economic uncertainty.
- **Corporate –** risks such as safety, recruitment and retention of high-calibre employees, inadequate innovation and new product development, customer credit risk, climate risk, interest rate risk, foreign exchange risk and inappropriate raw material purchases, risk of lower than anticipated return on capital invested and risk of lower underlying earnings are all managed through the Group's risk management framework, which includes review and monitoring by the executive lead team.

Overlaying the day-to-day business activity risks are the unique operational risks associated with the COVID-19 pandemic, the management of which has necessitated the introduction of a vast array of new practices, processes and procedures collectively designed to ensure the safety and wellbeing of all Ridley and related personnel while maintaining essential continuity of supply to all farmers of livestock.

Among a host of other risk management measures, segregation of shift structures, a thorough cleaning regime using external contractors and a dedicated internal team have been introduced for all operational sites in order to be able to manage any potential infection that may be detected within a particular shift structure. To date, these measures have proven to be effective; however, all personnel have been instructed to be vigilant and diligent in adhering to the new requirements, which will remain in place for the foreseeable future and until such time as there is a significant shift in the risk profile.

Outlook

The 2020 financial year has seen a reset of the Group, with significant restructuring, repositioning and revaluing activities. These have now been substantially concluded. The outlook for the coming year is positive, despite the general economic uncertainty prevailing in domestic and world markets. In managing the risk posed by the COVID-19 pandemic, the Group has implemented a comprehensive program of segregation, isolation, sanitation and communication to safeguard the essential service provided by the Group. The program has jointly focused on maintaining the safety and wellbeing of all employees, suppliers and customers, and of the wellbeing of the livestock that is dependent upon the continuity of supply of Ridley feed solutions.

Ridley customers have been affected by the pandemic in many different ways, ranging from increased demand for layer birds for egg production to a decline in premium meat and fish cuts arising from the disruption to food service markets. Being a critical supplier to the essential industries providing protein predominantly to the Australian population, and having reset its operating cost base and customer value focus in FY20, Ridley's operational performance has proven to be robust.

With the completion of the $150m asset renewal program, which has delivered four new world-class production facilities in the last eight years, capital expenditure in the year ahead will return to more normal levels and the focus will be on cash generation and debt reduction. The execution of the growth strategy is expected to increase earnings as the business capitalises on the full year benefits of the initiatives implemented in FY20, derives value from the capital investment program, and focuses on providing proactive solutions and a compelling value proposition to support the sustainable growth of our customers.

5. Significant changes in the state of affairs

Other than as reported in Section 4 of this report, there were no significant changes in the state of affairs of the Group during the year ended 30 June 2020.

6. Dividends and distributions to shareholders

The Company paid a 2019 final cash dividend of 2.75 cents per share, fully franked, on 31 October 2019, and a 2020 interim dividend of 1.5 cents per share, fully franked, on Thursday 30 April 2020.

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

	2020 $'000
Interim dividend	
In respect of the 2020 financial year paid on 30 April 2020 of 1.5 cents, 100% franked	**4,670**
The Dividend Reinvestment Plan (**DRP**) was reinstated for the 2020 interim dividend, under which 2,862,277 fully paid ordinary shares were issued to existing shareholders plus 3,313,057 fully paid ordinary shares under a placement shortfall at an issue price of $0.748 per share	
Final dividend	
In respect of the 2019 financial year paid on 31 October 2019 of 2.75 cents, 100% franked	**8,556**
	13,226

7. Directors' and executives' remuneration

Refer to the Remuneration Report.

8. 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:

	Board		Audit and Risk Committee		Remuneration and Nominations Committee		Ridley Innovation and Operational Committee	
Directors	**H**	**A**	**H**	**A**	**H**	**A**	**H**	**A**
G H Weiss	12	12	5	5	5	5		
Q L Hildebrand[1]	10	10					4	4
P M Mann	12	12	5	5	5	5		
R J van Barneveld	12	12	5	4			4	4
E Knudsen	12	11					4	4
D J Lord	12	12			5	3[2]		

1. Appointed on 26 August 2019.
2. For the two meetings held in August 2019, Mr Lord was in attendance but temporarily stepped down from formal committee membership given he was engaged in an executive capacity as Interim CEO.

H: Number of meetings held during period of office.

A: Number of meetings attended.

In addition to the formal attendance above, all Directors are invited to attend all committee meetings.

9. Information on Directors

Particulars of shares and performance rights 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.

10. 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 Chartered Accountants Australia and New Zealand.

11. 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 and Special Retention Incentive Plan (**Performance Rights**)	6,046,106	Various
Ridley Employee Share Scheme (**in substance Options**) *	3,320,443	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.

12. 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 Board is not aware of any environmental matters likely to have a material financial impact. 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 continues to comply with its NGER reporting requirements.

13. Post balance date events

As previously announced, Ridley Chair Dr Gary Weiss AM retired on 26 August 2020.

Mr Mick McMahon and Mr Rhys Jones are being appointed as Ridley Directors on 27 August 2020, with Mr McMahon assuming the role of Ridley Chair. Mr McMahon is also being appointed to the Ridley Audit and Risk Committee and Mr Jones to the Remuneration and Nominations Committee.

There were no other matters or circumstances have arisen since 30 June 2020 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.

14. 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.

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 provided during FY20 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.

15. Non-audit services continued

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 54 and forms part of this report.

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

	$
Tax services	20,058
Transaction advisory and other services	2,898
Total	22,956

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 2018/191 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 26 August 2020 in accordance with a resolution of the Directors.

Dr Gary H Weiss
Director and Ridley Chair

Quinton L Hildebrand
CEO and Managing 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 2020. This report forms part of the Directors' Report for the year ended 30 June 2020.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (throughout the Remuneration Report referred to as the **Committee**), consisting of at least three 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 responsible for evaluating the Board's performance, reviewing Board size and composition, setting the criteria for membership, and identifying and evaluating candidates to fill vacancies on behalf of 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

During the 2018 financial year, Morrow Sodali was engaged by the Board to conduct a review of Ridley's executive remuneration and diversity disclosure policies in the context of current Australian corporate governance best practice, and specifically to conduct:

- external benchmarking of Ridley's short-term incentive and long-term incentive policies and mechanisms;
- a review of the most meaningful measure of shareholder performance; and
- a recommendation in relation to diversity policy disclosure.

The Board adopted these recommendations in prior years, have reviewed and reassessed them, and have continued to apply the existing policies and practices throughout the 2020 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 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.

Remuneration of Directors and executives continued

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 last five years.

		2020	2019	2018	2017	2016
(Loss)/profit attributable to members of Ridley Corporation Ltd	$'000	**(8,640)**	23,565	17,409	25,815	27,606
Earnings before interest, tax, depreciation and amortisation (**EBITDA**) #	$'000	**16,316**	54,315	43,629	54,484	61,125
Earnings before interest and tax #	$'000	**(9,843)**	35,412	26,368	39,264	45,734
Cash flow from operating activities #	$'000	**23,485**	36,824	50,900	29,655	17,612
Return on shareholders' funds before discontinued operations #	%	**(3.1)**	8.6	6.7	10.2	11.4
Dividends paid	$'000	**13,226**	13,083	13,083	12,313	10,774
TSR [1]	%	**(35.5)**	(10.4)	2.3	1.8	15.0
Short-term incentive to KMP	$'000	**445**	-	-	-	1,322

For 2020, EBITDA result is shown after significant pre-tax expense items of $43.216m.

1. Total Shareholder Return (**TSR**) is calculated as the change in share price for the year plus dividends paid per share for the year, divided by the opening share price, expressed as a percentage.

Non-Executive Directors

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 receives incremental fees, and the Chair of the Audit and Risk Committee, Ridley Innovation and Operational Committee and Remuneration and Nominations Committee each receives $10,000 of incremental fees in addition to the base Director fees. The total amount paid to Non-Executive Directors in FY20 was $545,844 (FY19: $545,475).

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.

Short-term incentives

For FY20, executives and employees in senior positions are eligible for short-term incentive (**STI**) payments based on two performance streams, being consolidated EBITDA (70% weighting) and personal Key Performance Indicators (**KPIs**) (30% weighting), of which there may be up to six for each STI scheme participant aligned to the participant's role and ability to create shareholder value.

Each year, appropriate KPIs are set to align the STI plan with the priorities of the Group through a process that includes setting stretch target and minimum performance levels required to be achieved prior to any payment of an STI. Where achievement of 90% of budgeted EBITDA is reached, the payment of a partial STI based on the achievement of personal KPIs will be assessed.

KPls for the Managing Director are initially considered and recommended by the Committee and then approved by the Board based on the adopted business strategy. These approved KPls are then cascaded down to the Key Management Personnel (**KMP**), Direct Reports of the CEO referred to as C-Suite Executives, and throughout the business, recognising the relative contributions required of each role within the organisation to achieve the stated objectives.

The Group financial performance component of the STI is assessed against budgeted EBITDA. The measures of personal performance include targets on safety, training, operational excellence, customer focus, sustainability and community, and people values and development. A summary of the STI award structure for FY20 is shown in the following table, subject always to the exercise of discretion by the Board.

Metric	Percentage of budgeted EBITDA	Award
Financial	< 100%	Nil
Financial	100%	50% of the 70% financial component
Financial	100% + $1m to 100% + $10m	51%–100% of the 70% financial component straight line, pro rata of incremental $10m
Financial	100% + > $10m	100% of the 70% financial component
Personal	< 90%	Nil
Personal	90% or greater	100% of the 30% financial component subject to the individual meeting his or her own KPls for the year

Following the end of the 2020 financial year, the financial results and each individual's performance against KPls have been reviewed to determine STI payments for each executive. Given the underlying consolidated EBITDA performance ahead of budget before significant items, all of which favourably reposition the business for the future, the Board has resolved to award 50% of the FY20 STI entitlements to participating employees (reduced on a pro-rata basis for any employee completing greater than six but less than 12 months of continuous service in FY20). The award will be satisfied through the issue of unrestricted Ridley shares in September 2020, using a five day Volume Weighted Average Price (**VWAP**) prior to the issue date as the basis for determining the number of shares to equate to the award value.

STI incentives by role range from 70% of the base package for the CEO down to 10% of the base package for the least senior participants in the plan as shown in the following table.

The KPls 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.

For each STI and grant of performance rights included in the annual 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 service and performance criteria were not achieved, are set out in the following table, together with the maximum amount of $890,499 (2019: $1,511,311) payable to KMP had all STI performance targets been achieved.

				2020		2019	
Name	STI percentage range of TEP	STI maximum potential award[1]	2020 STI payment in $	Paid %	Forfeited %	Paid %	Forfeited %
Q L Hildebrand – from 26 August 2019[2]	0–70%	414,540	207,270	**50%**	**50%**	N/A	N/A
A Boyd	0–50%	245,933	122,967	**50%**	**50%**	-	100
C Klem	0–40%	147,216	73,608	**50%**	**50%**	-	100
A Lochland[3]	0–30%	82,810	41,405	**50%**	**50%**	-	100
H Slattery – from 4 April 2020[4]	0–40%	Nil	Nil	**Nil**	**Nil**	N/A	N/A
KMP STI for FY20		**890,499**	**445,250**				

Former KMP M Murphy and J Scaife did not participate in the FY20 STI as a result of their termination during the first half year.

1. STI percentage applicable subject to pro rata adjustment for the period of employment or in the KMP role.
2. Mr Hildebrand's maximum potential award has been pro-rated to his 26 August 2019 date of commencement of employment.
3. Although no longer a KMP from 11 November 2019, Mr Lochland was Acting CEO of Novacq™ through to 31 March 2020, and consequently qualifies for pro rata participation in the STI for FY20.
4. In order to participate in the STI, the employee needs to have completed not less than six months' continuous service in that financial year.

Long-term incentives

There was an issue of performance rights to senior executives and officers under the Ridley Long Term Incentive Plan (**LTIP**) with an effective grant date of 1 September 2019 and standard terms and conditions as stated below. The adoption of a 1 September 2019 effective date of grant in FY20 was designed to coincide with the commencement of the new Ridley CEO and a five-day VWAP reflective of the first five days of trading following the release of the FY19 annual result. In future years, the performance period will revert to the historical three-year term from a 1 July effective date of grant.

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.

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 the satisfaction of performance hurdles set over the three-year term of the Rights.

In prior years, the performance measure has been 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 1 July effective date of grant. Fair value was calculated by an independent expert in accordance with AASB2 on an option-equivalent basis.

For FY20 and subsequent years, there are two performance measures, namely Return on Funds Employed (**ROFE**) and Absolute TSR (as opposed to *Relative* TSR). The new measures are more aligned to current industry best practice and are less subject to distortion from extraneous factors beyond the Group's control. A summary of the performance measures for FY20 is provided in the following table.

The number of Rights issued to each participant is divided equally into two tranches, Tranche A and Tranche B. The performance measure for Tranche A Rights is the ROFE hurdle, while the Absolute TSR is the performance hurdle for Tranche B Rights. Each tranche is independently tested, such that one tranche could hypothetically result in 100% vesting while the other could result in 100% forfeiture, or any combination thereof.

The fair value of Tranche B Rights has been calculated by an independent expert in accordance with AASB2 on an option-equivalent basis, while the accounting fair value of Tranche A Rights is estimated excluding the impact of the ROFE hurdle (as this is considered a 'non-market condition'). The impact of the ROFE hurdle is then taken into consideration via adjusting the estimated number of Tranche A Rights that will vest based on current and projected performance.

Tranche	Metric	Performance hurdle for the period to 30 June 2022	Award
A	ROFE	< 19%	Nil
A	ROFE	19%	50%
A	ROFE	19%–30%	50%–100% on a straight-line, pro rata basis
A	ROFE	> 30%	100%
B	Absolute TSR	< 30%	Nil
B	Absolute TSR	30%	50%
B	Absolute TSR	30%–70%	50%–100% on a straight-line, pro rata basis
B	Absolute TSR	> 70%	100%

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, the number of unvested Rights is reduced on a pro rata time basis by the proportion of the period not served by the departing employee to the three-year term of the Rights. The resulting unvested Rights are then tested as at the date of the employee's departure and any shares duly awarded accordingly.

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 LTIP, any unvested Rights will lapse.

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

During the year ended 30 June 2020, 4,098,368 (2019: 2,700,000) Rights were issued under the LTIP, of which 1,695,207 (2019: 1,300,000) were granted as remuneration to KMP and the balance issued to other non-KMP senior executives within the organisation. Of the total Rights issued during the year, 452,262 issued to non-KMP were subsequently cancelled.

Summary of Ridley TSR performance

The following table provides a summary of Ridley share price performance for each tranche of the LTIP Rights on issue at year end measured against the Small Ords Index, rebased to the effective date of grant and using 30 June 2020 as the hypothetical end date. The data does not take account of dividends and are therefore only an indicative and incomplete measure of Absolute and Relative TSR performance.

Start date	Test date	Ridley	Small Ords	Number of rights on issue	Hypothetically vested as at 30 June 2020	% Hypothetically vested as at 30 June 2020
1 July 2017[1]	30 June 2020	(47.7%)	(9.6%)	2,225,000	Nil	Nil
1 July 2018	30 June 2021	(46.1%)	(8.7%)	2,400,000	Nil	Nil
1 Sep 2019[2]	30 June 2022	N/A	N/A	1,823,053	N/A[2] – Tranche A	N/A
1 Sep 2019	30 June 2022	(31.3%)	(8.5%)	1,823,053	Nil – Tranche B	Nil

1. The Rights on issue with an effective grant date of 1 July 2017 and performance period ending 30 June 2020 all lapsed on 1 July 2020.
2. It is not relevant to ascribe a theoretical vesting to this Tranche A of Rights given that vesting is determined by operating EBITDA performance from 1 July 2021 to 30 June 2022.

There have been no issues of Rights subsequent to balance date; however, the Board expects to make a 2021 financial year offer of Rights in the first half year.

Ridley Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan (**SRP**) was developed specifically to retain and motivate key executives. Under the SRP, selected executives and the Managing Director may be offered a number of performance rights (**SRP Rights**). The Plan offer is made in accordance with the rules of the Ridley Long Term Incentive Plan except that there are no disposal restrictions and the cessation of employment has been superseded. Consequently, the SRP Rights under this offer vest in full on the earlier occurrence of either completion of two years of service from the date of grant, ceasing to be an employee of Ridley because of a sale of a subsidiary entity, and occurrence of a change of control event. Each SRP Right provides the entitlement to acquire one Ridley share at the end of the service period. During the year ended 30 June 2020, nil (2019: nil) SRP Rights were issued and the 150,000 SRP Rights on issue at the start of FY20 were converted into 150,000 ordinary Ridley shares on 1 January 2020, which were acquired on-market for a total outlay of $163,387.

Ridley Employee Share Scheme (ESS)

Under the ESS, shares have historically been offered to permanent employees with a minimum of 12 months' continuous service prior to the offer date, at a discount of 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 ESS shares are applied against the outstanding loan balance until such balance is fully extinguished. The amount of the discount and number of shares allocated are at the sole discretion of the Board. The purpose of the ESS is to align employee and shareholder interests and to foster a sense of loyalty and ownership in the Company. The Scheme was suspended for FY20 as a result of the COVID-19 pandemic such that nil (2019: 708,133) shares were acquired on-market and allocated to participating employees during the year. The total value of shares purchased on-market pursuant to the ESS was nil (2019: $858,349).

Long-term incentives continued

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.

	Number of shares		Market value $'000	
Incentive plan	**2020**	**2019**	**2020**	**2019**
Employee Share Scheme	**-**	708,133	**-**	858
Special Retention Plan	**150,000**	-	**163**	-
Long Term Incentive Plan[1]	**-**	1,384,802	**-**	1,942
Total	**150,000**	2,092,935	**163**	2,800

1. In addition to the shares purchased on-market in FY19, 24,123 of the LTI employee share entitlement was satisfied in cash in lieu of shares.

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 2020 financial year unless otherwise stated.

Name	Position and status
Directors[1]	
G H Weiss	Chair
Q L Hildebrand	Managing Director and CEO – from 26 August 2019
P M Mann	Director
R J Van Barneveld	Director
E Knudsen	Director
D J Lord	Director – Interim CEO from 1 July 2019 to 26 August 2019
Executives	
A Boyd	Chief Financial Officer and Company Secretary
C Klem	General Manager Rendering
H Slattery	General Manager Aquafeed – from 4 April 2020
M Murphy	General Manager Safety, People and Technical Development – to 11 November 2019
A Lochland[2]	General Manager Packaged Products, Aquafeed and Supplements – to 11 November 2019
J Scaife	General Manager Commercial Feeds – to 11 November 2019

1. While the formal separation date of former CEO and Managing Director Mr T Hart was 27 July 2019, Mr Hart ceased performing any executive or Director Ridley duties and thereby being a KMP from 27 June 2019.
2. Although no longer a KMP, Mr Lochland was Acting CEO Novacq™ from 11 November 2019 until 31 March 2020.

From 13 November 2019, an Acting Chief Operating Officer (**COO**) was engaged on a short-term contract while the Group conducted an executive search process. Given the short-term nature of the interim role and the degree of oversight provided by the CEO, this role is not considered to be a KMP role. The permanent COO role will be a KMP role effective from 1 July 2020.

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 2020 and 2019 financial years only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP.

All values are in A$ unless otherwise stated. The salary package may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits), motor vehicle and certain other benefits.

2020	Short-term benefits		Post employment benefits		Share-based payments			
Name	**Directors' fees and cash salary $**	**STI $**	**Superannuation $**	**Other benefits $**	**Performance rights/ options $**	**Total $**	**%[1]**	**%[2]**
Directors								
G H Weiss – Chair	163,864	-	16,386	-	-	180,250	-	-
Q L Hildebrand – CEO and Managing Director[3]	575,481	207,270	21,314		109,348	913,413	12%	35%
P M Mann	88,955	-	8,895	-	-	97,850	-	-
R J van Barneveld[4]	97,850	-	-	-	-	97,850	-	-
E Knudsen[4]	87,550	-	-	-	-	87,550	-	-
D J Lord[5]	173,527	-	14,213	-	-	187,740	-	-
T J Hart[8]	53,756	-	5,290	881,670	-	940,716	-	-
Total Directors	1,240,983	207,270	66,098	881,670	109,348	2,505,369		
Executives								
A Boyd	469,246	122,967	22,620	-	130,565	745,398	18%	34%
C Klem	343,041	73,608	25,000	-	80,708	522,357	15%	30%
M Murphy[6]	197,951	-	15,439	234,735	22,120	470,245	5%	5%
A Lochland[6]	257,281	41,405	18,750	161,916	22,120	501,472	4%	13%
J Scaife[6]	222,933	-	15,540	80,730	11,594	330,797	4%	4%
H Slattery[7]	72,311	-	8,242	-	-	80,553	N/A	N/A
Total executives	1,562,763	237,980	105,591	477,381	267,107	2,650,822		
Total	2,803,746	445,250	171,689	1,359,051	376,455	5,156,191		

1. Percentage remuneration consisting of performance rights/options.
2. Percentage remuneration that is performance related.
3. Appointed on 26 August 2019.
4. Director fee paid to a company.
5. Interim CEO from 1 July 2019 to 26 August 2019, whereupon Mr Lord reverted to Non-Executive Director.
6. KMP until internal restructure on 11 November 2019. Other benefits comprise contracted severance payments. Although no longer a KMP, Mr Lochland was Acting CEO Novacq™ until 31 March 2020.
7. From 4 April 2020.
8. While the formal separation date of former CEO and Managing Director Mr T Hart was 27 July 2019, Mr Hart ceased performing any executive or Director Ridley duties from 27 June 2019.

From 13 November 2019, an Acting COO was engaged on a short-term contract while the Group conducted an executive search process. Given the short-term nature of the interim role and the degree of oversight provided by the CEO, this role is not considered to be a KMP role. The permanent COO role is a KMP role effective from 1 July 2020.

Remuneration Report – Audited continued

2019	Short-term benefits		Post employment benefits		Share-based payments			
Name	Directors' fees and cash salary $	STI $	Superannuation $	Other benefits[5] $	Performance rights/ options $	Total $	%[1]	%[2]
Directors								
G H Weiss – Chair	161,477	-	16,148	-	-	177,625	-	-
T J Hart – Managing Director[3]	793,396	-	20,290	1,000	433,558	1,248,244	35%	35%
P M Mann	87,659	-	8,766	-	-	96,425	-	-
R J van Barneveld[4]	95,000	-	-	-	-	95,000	-	-
E Knudsen[4]	85,000	-	-	-	-	85,000	-	-
D J Lord	83,114	-	8,311	-	-	91,425	-	-
Total Directors	1,305,646	-	53,515	1,000	433,558	1,793,719		
Executives								
A Boyd	482,078	-	22,625	1,000	144,000	649,703	22%	22%
M Murphy	319,581	-	25,000	1,000	91,557	437,138	21%	21%
C Klem	337,681	-	25,000	1,000	91,557	455,238	20%	20%
A Lochland	337,681	-	25,000	1,000	91,557	455,238	20%	20%
J Scaife	357,964	-	25,481	-	31,667	415,112	8%	8%
Total executives	1,834,985	-	123,106	4,000	450,338	2,412,428		
Total	**3,140,631**	**-**	**176,621**	**5,000**	**883,896**	**4,206,148**		

1. Percentage remuneration consisting of performance rights/options.
2. Percentage remuneration that is performance related.
3. Mr Hart's employment terminated on 27 June 2019.
4. Director fee paid to a company.
5. Comprises first $1,000 of value upon vesting of Performance Rights, with the balance satisfied through the allocation of Ridley shares.

Contracts of employment

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

Q L Hildebrand, CEO and Managing Director from 26 August 2019

- Base remuneration, inclusive of superannuation and any elected benefits, of $700,000 from the 26 August 2019 date of commencement of employment, to be reviewed annually each December with any changes to be effective from the following 1 January, commencing with a December 2020 review.
- Full scheme participation up to 70% of total base package based on the achievement of certain agreed KPIs as approved by the Board, split 70% on consolidated Group EBITDA performance and 30% on personal KPIs. The split of personal KPIs for FY20 comprised targets for safety (20%), Novacq™ commercialisation (20%), Aquafeed new business (30%) and business improvement and cost reduction (30%). The 70% of Ridley financial performance STI for FY20 is assessed solely against budgeted EBITDA before any extraordinary item(s).
- 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 25 November 2019 for the 1,133,488 performance rights issued to Mr Hildebrand in FY20 with a performance test period that expires on 30 June 2022.
- 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 CEO's contract of employment has no fixed term, and Ridley is able to terminate the contract by giving the CEO 12 months' notice in writing. Conversely, the CEO may terminate his contract by giving the Company six months' notice in writing. Ridley is able to terminate the contract of employment without notice or payment in lieu if the CEO engages in fraud or other serious misconduct, commits a serious or persistent breach of the contract, disobeys a lawful and reasonable direction of the Company, or is found guilty of an offence precluding or inhibiting further performance of the duties of the CEO office.

From 28 June 2019, Mr David Lord ceased being a Non-Executive Director and commenced in the role as Interim CEO. Mr Lord was remunerated as Interim CEO at an annualised salary of $822,420 and based on the submission of a timesheet for the days and half days worked. Mr Lord was not entitled to STI or LTI under this interim arrangement, which continued until 26 August 2019, whereupon Mr Lord resumed all of his former activities and salary as a Non-Executive Director.

Other senior executives have individual contracts of employment but with no fixed term of employment other than Mr Dillon's short-term contract of employment as COO.

Notice periods

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

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 KMP of the Group and issued under the Ridley LTIP are set out below.

Long Term Incentive Plan (LTIP)

The 'Balance at 30 June 2020' holdings of rights in the following table represent the maximum number of Ridley shares that the members of the KMP would receive if Ridley were to have attained all of its stipulated performance hurdles under the relevant offers of rights.

Recipients of LTIP rights	Balance at 1 July 2019	Granted [1]	Vested	Forfeited [2]	Balance at 30 June 2020
Directors					
Q L Hildebrand [3]	-	1,133,488	-	-	**1,133,488**
Key Management Personnel					
A Boyd	600,000	351,381	-	(200,000)	**751,381**
C Klem	375,000	210,338	-	(125,000)	**460,338**
M Murphy [4]	375,000	-	-	(125,000)	**250,000**
A Lochland [4]	375,000	-	-	(125,000)	**250,000**
J Scaife [4]	125,000	-	-	-	**125,000**
H Slattery [5]	-	-	-	-	**-**
Total issued to Directors and Key Management Personnel	**1,850,000**	**1,695,207**	**-**	**(575,000)**	**2,970,207**

1. The effective grant date was 1 September 2019. The fair value per right at the grant date was $0.96 for Tranche A Rights before adjusting for the likelihood of exceeding the ROFE hurdle, and $0.25 for Tranche B Rights, with each participant's holding split equally between the two tranches.
2. The vesting criterion was not met for the rights that were tested as at 1 July 2019, and consequently all of these rights were forfeited.
3. Shareholder approval was received on 25 November 2019 for the 1,133,488 rights granted to Mr Hildebrand on 25 November 2019.
4. KMP until internal restructure on 11 November 2019.
5. Mr Slattery was a KMP from 4 April 2020 and did not participate in the FY20 offer of rights.

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

Director/Executive	Balance at 1 July 2019[1]	Acquired under DRP[2]	Holding at date of termination	Acquired/ (disposed) during the year	Balance at 30 June 2020
G H Weiss	270,000	5,416	-	-	**275,416**
Q L Hildebrand[3]	-	1,037	-	51,719	**52,756**
P M Mann	97,489	1,555	-	-	**99,044**
R J van Barneveld	83,053	-	-	-	**83,053**
E Knudsen	703,286	-	-	-	**703,286**
D J Lord	73,200	-	-	-	**73,200**
Total Directors	**1,227,028**	**8,008**	**-**	**51,719**	**1,286,755**
A Boyd	1,065,469	-	-	-	**1,065,469**
C Klem	654,979	-	-	-	**654,979**
M Murphy[4]	140,850	-	(140,850)	-	**-**
A Lochland[4]	328,893	-	(328,893)	-	**-**
J Scaife[4]	-	-	-	-	**-**
H Slattery[5]	-	-	-	-	**-**
Total executives	**2,190,191**	**-**	**(469,743)**	**-**	**1,720,448**
Total Key Management Personnel	**3,417,219**	**8,008**	**(469,743)**	**51,719**	**3,007,203**

1. Balance at the later of 1 July or when the executive became a KMP.
2. Received during the year by way of participation in DRP for FY20 interim dividend.
3. As at date of appointment on 26 August 2019.
4. KMP until internal restructure on 11 November 2019.
5. KMP from 4 April 2020.

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 of Ridley Corporation Limited for the financial year ended 30 June 2020 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

Chris Sargent
Partner

Melbourne

26 August 2020

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 2020

	Note	2020 $'000	2019 $'000
Revenue from continuing operations	4	**967,942**	1,002,583
Cost of sales		**(901,152)**	(930,033)
Gross profit		**66,790**	72,550
Finance income		**86**	481
Other income	4	**1,082**	7,300
Expenses from continuing operations:			
Selling and distribution		**(14,493)**	(14,049)
General and administrative	5(d)	**(63,003)**	(29,908)
Finance costs	5(b)	**(5,914)**	(5,554)
Share of net losses from equity accounted investments	14	**(333)**	(481)
(Loss)/profit from continuing operations before income tax expense		**(15,785)**	30,339
Income tax benefit/(expense)	6	**7,145**	(6,774)
(Loss)/profit from continuing operations after income tax		**(8,640)**	23,565
Net (loss)/profit after tax attributable to members of Ridley Corporation Limited		**(8,640)**	23,565
Other comprehensive income			
Available for sale financial assets – net change in fair value	20	**114**	(403)
Other comprehensive income for the year, net of tax		**114**	(403)
Total comprehensive (loss)/income for the year		**(8,526)**	23,162
Total comprehensive (loss)/income for the year attributable to:			
Ridley Corporation Limited		**(8,526)**	23,162

Earnings per share			
Basic earnings per share – continuing	1	**(2.8)c**	7.6c
Basic earnings per share	1	**(2.8)c**	7.6c
Diluted earnings per share – continuing	1	**(2.8)c**	7.6c
Diluted earnings per share	1	**(2.8)c**	7.6c

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2020

	Note	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	7	**45,818**	17,483
Receivables	8	**111,722**	108,212
Inventories	9	**104,490**	83,829
Tax asset	15	**-**	-
Assets held for sale	10	**188**	182
Total current assets		**262,218**	209,706
Non-current assets			
Receivables	8	**1,702**	11,673
Investment properties	11	**-**	1,265
Property, plant and equipment	12	**294,251**	259,323
Intangible assets	13	**75,001**	85,670
Investments accounted for using the equity method	14	**-**	655
Available for sale financial assets	27(e)	**-**	1,725
Deferred tax asset	15	**13,554**	3,737
Total non-current assets		**384,508**	364,048
Total assets		**646,726**	573,754
Current liabilities			
Payables	16	**165,374**	158,759
Borrowings	18	**193,000**	-
Provisions	17	**21,117**	16,006
Tax liability	15	**384**	2,046
Total current liabilities		**379,875**	176,811
Non-current liabilities			
Payables	16	**4,882**	-
Borrowings	18	**-**	118,926
Provisions	17	**324**	518
Total non-current liabilities		**5,206**	119,444
Total liabilities		**385,081**	296,255
Net assets		**261,645**	277,499
Equity			
Share capital	19	**223,521**	218,941
Reserves	20	**1,843**	3,718
Retained earnings	20	**36,281**	54,840
Total equity		**261,645**	277,499

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 2020

2020	Share capital $'000	Share-based payments reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Opening balance at 1 July 2019	**218,941**	**3,601**	**117**	**54,840**	**277,499**
(Loss)/profit for the year	**-**	**-**	**-**	**(8,640)**	**(8,640)**
Other comprehensive (loss)/income:					
Available for sale financial assets – net change in fair value, net of tax	**-**	**-**	**114**	**-**	**114**
Total comprehensive (loss)/income for the year	**-**	**-**	**114**	**(8,640)**	**(8,526)**
Realisation of reserves following disposal of asset	**-**	**-**	**(231)**	**231**	**-**
Transactions with owners recognised directly in equity:					
Dividends paid/declared	**-**	**-**	**-**	**(13,226)**	**(13,226)**
Shares issued under the Dividend Reinvestment Plan	**4,580**	**-**	**-**	**-**	**4,580**
Share-based payment transactions	**-**	**(1,758)**	**-**	**3,076**	**1,318**
Total transactions with owners recognised directly in equity	**4,580**	**(1,758)**	**-**	**(10,150)**	**(7,328)**
Balance at 30 June 2020	**223,521**	**1,843**	**-**	**36,281**	**261,645**

2019	Share capital $'000	Share-based payments reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018	214,445	3,240	520	44,902	263,107
Recognition of expected credit losses under IFRS 9	-	-	-	(239)	(239)
Related tax	-	-	-	72	72
Impact at 1 July 2018	-	-	-	167	167
Revised opening balance at 1 July 2018	214,445	3,240	520	44,735	262,940
Profit for the year	-	-	-	23,565	23,565
Other comprehensive income:					
Available-for-sale financial assets – net change in fair value, net of tax	-	-	(403)	-	(403)
Total comprehensive income for the year	-	-	(403)	23,565	23,162
Transactions with owners recorded directly in equity:					
Dividends paid/declared	-	-	-	(13,083)	(13,083)
Shares issued under the Dividend Reinvestment Plan	4,496	-	-	-	4,496
Share-based payment transactions	-	361	-	(377)	(16)
Total transactions with owners recorded directly in equity	4,496	361	-	(13,460)	(8,603)
Balance at 30 June 2019	218,941	3,601	117	54,840	277,499

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 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		**1,059,670**	1,104,549
Payments to suppliers and employees		**(1,026,704)**	(1,060,736)
Interest received		**86**	481
Other income received		**1,082**	410
Interest and other costs of finance paid		**(6,314)**	(6,225)
Income tax payment		**(4,335)**	(1,655)
Net cash from operating activities	7	**23,485**	36,824
Cash flows from investing activities			
Payments for property, plant and equipment		**(56,245)**	(73,336)
Payments for intangibles		**(4,544)**	(5,479)
Proceeds from sale of available for sale asset		**1,888**	-
Proceeds from sale of non-current assets		**3,850**	5,000
Net cash used in investing activities		**(55,051)**	(73,815)
Cash flows from financing activities			
Issue of share capital		**2,440**	3,140
Purchase of shares for share-based payments		**(160)**	(2,370)
Proceeds of borrowings		**74,074**	42,704
Dividends paid	2	**(10,926)**	(11,727)
Payment of lease liabilities	28	**(5,046)**	-
Loans to related parties		**(481)**	(714)
Net cash from financing activities		**59,901**	31,033
Net movement in cash held		**28,335**	(5,958)
Cash at the beginning of the financial year		**17,483**	23,441
Cash at the end of the financial year	7	**45,818**	17,483

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

Notes to the Financial Statements

30 June 2020

Note 1 – Earnings per share

		2020 Cents	2019 Cents
Basic/diluted earnings per share	– Continuing	**(2.8)/(2.8)**	7.6/7.6
	– Before significant items #	**7.1/7.1**	7.6/7.6

	2020		2019	
Earnings used in calculating earnings per share:	**Basic $'000**	**Diluted $'000**	**Basic $'000**	**Diluted $'000**
(Loss)/Profit after income tax	**(8,640)**	**(8,640)**	23,565	23,565

The profit after income tax before significant items adopted in the above calculation is $21,020,000.

Weighted average number of shares used in calculating:	**2020**	**2019**
Basic earnings per share	**312,285,443**	308,297,610
Diluted earnings per share	**312,285,443**	310,685,570

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. On 5 May 2020, 2,862,277 (2019: 3,439,150) shares were issued under the Dividend Reinvestment Plan (**DRP**), which was utilised for the payment of the FY20 interim dividend. On 6 May 2020, a further 3,313,057 shares were issued pursuant to a DRP shortfall placement.

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. Based on the vesting conditions and exercise price, as at 30 June 2020 there are no dilutive potential ordinary shares outstanding.

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 nil (2019: nil) 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.

Note 2 – Dividends

Dividends paid during the year	**Franking**	**Payment date**	**Per share (cents)**	**2020 $'000**	**2019 $'000**
Interim dividend in respect of the current financial year	Fully franked	30 April 2020 (2019: 10 May 2019)	1.5 (2019: 1.5)	**4,670**	4,618
Final dividend in respect of the prior financial year	Fully franked	31 October 2019 (2019: 31 October 2018)	2.75 (2019: 2.75)	**8,556**	8,465
				13,226	13,083

	2020 $'000	2019 $'000
Paid in cash	**10,926**	11,727
Paid through the issue of shares#	**2,140**	1,193
Non-cash dividends paid on employee in-substance options	**160**	163
	13,226	13,083

The DRP was utilised for the payment of the FY20 interim dividend on 30 April 2020, which resulted in the issue of 2,862,277 (2019: 896,926) fully paid ordinary shares to existing shareholders, plus 3,313,057 (2019: 2,542,224) fully paid ordinary shares issued to institutional and sophisticated investors pursuant to a shortfall placement under the DRP. The issue price for these shares was $0.748 per share.

Since the end of the financial year, the Board has declared the following with respect to the FY20 final dividend:	2020 $'000	2019 $'000
After the balance sheet date, the Ridley Board determined not to pay a dividend and to apply these funds to the retirement of net debt. This dividend decision was made in respect of the final FY20 dividend only and was made in accordance with Ridley practice to consider the payment of dividends in the context of capital requirements, net debt, the earnings and cash flow conversion of the business and the growth opportunities prevalent and foreseeable at the time of dividend declaration	-	8,465
Amount of franking credits available at 30 June to shareholders of Ridley Corporation Limited for subsequent financial years	**16,048**	17,321

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 (**CODM**).

Segment results 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, borrowings, income tax assets and liabilities and surplus property asset holding costs. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

On 26 August 2019, Ridley appointed Mr Quinton Hildebrand as its new Chief Executive Officer and Managing Director (**CEO**). Following the appointment of the new CEO, Ridley has continued the disposal of surplus property assets, announced a number of restructuring initiatives to better align the Group's operating model and site footprint to the new strategic direction, and has undertaken necessary investments to maximise the potential of Novacq™. These activities have included:

- An organisational redesign announced on 11 November 2019 involving changes in executive leadership and the establishment of a leaner organisational design, followed by a subsequent restructure announced on 23 June 2020 across those business units not included in the initial announcement.
- The closure, rationalisation or suspension of operations at selected feedmills across Australia and Thailand, combined with the commissioning of new facilities at Westbury and Wellsford.
- Continued divestment of residual property assets, with the remaining property at Moolap written down to nil as at 30 June 2020 as a reflection of the Victorian State Government's restrictions for the commercial development of the site as published in its August 2019 Moolap Coastal Strategic Framework Plan. Activities to divest the last remaining land parcel at Lara are continuing in FY21.

In light of the above, and recognising the fundamental changes in business activity, the new organisational structure and internal reporting to the CODM arising from the FY20 business restructures, from 1 July 2020 Ridley expects to report segment information for:

- Bulk Stockfeeds – comprising the Group's premium quality, high-performance animal nutrition stockfeed solutions delivered in bulk.
- Packaged Feeds and Ingredients – comprising the Group's premium quality, high-performance animal nutrition feed and ingredient solutions delivered in packaged form from one-tonne bulka bag down to 3kg bags.

The basis of inter-segmental transfers is market pricing. The non-operating, unallocated component in the segment reporting tables represents mainly corporate expenses, interest-bearing loans, borrowings and corporate assets, plus any residual surplus property asset holding costs.

Note 3 – Operating segments continued

Geographical segments

While the Group predominantly operates in Australasia, it has established a platform for Novacq™ commercial operations at Chanthaburi, Thailand. Up to 30 June 2020, all Novacq™ activities at Chanthaburi have been applied R&D activities and capitalised accordingly; however, from 1 July 2020 the site became fully operational.

Also from 1 July 2020, the Pen Ngern Feed Mill ceased production of prawn feed and became a dedicated site for the dewatering, drying, bagging and storing of Novacq™.

In addition to Thailand, legal entities have been established in India and Ecuador in anticipation of an international expansion of Novacq™ operations, commencing with commercial trials in FY21.

2020 financial year in $'000	AgriProducts	Unallocated	Consolidated
Total sales revenue – external (Note 4)	**967,942**	**-**	**967,942**
Other revenue (Note 4)	**741**	**341**	**1,082**
Total revenue	**968,683**	**341**	**969,024**
Share of (losses) of equity accounted investments (Note 14)	**-**	**(333)**	**(333)**
Depreciation and amortisation expense (Note 5)	**(26,148)**	**(11)**	**(26,159)**
Interest income	**5**	**81**	**86**
Finance costs (Note 5)	**(1,490)**	**(4,424)**	**(5,914)**
Reportable segment profit/(loss) before income tax	**6,352**	**(22,137)**	**(15,785)**
Total segment assets	**579,664**	**67,062**	**646,726**
Segment liabilities	**186,775**	**198,306**	**385,081**
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (including the impact of business combinations and the transition impact of AASB 16 *Leases*)	**53,031**	**26,204**	**79,235**

2019 financial year in $'000	AgriProducts	Unallocated	Consolidated
Total sales revenue – external (Note 4)	1,002,583	-	1,002,583
Other revenue (Note 4)	285	7,015	7,300
Total revenue	1,002,868	7,015	1,009,883
Share of (losses) of equity accounted investments (Note 14)	(481)	-	(481)
Depreciation and amortisation expense (Note 5)	(18,898)	(5)	(18,903)
Interest income	27	454	481
Finance costs (Note 5)	(1,567)	(3,987)	(5,554)
Reportable segment profit/(loss) before income tax	38,978	(8,639)	30,339
Segment assets	541,583	31,516	573,099
Investments accounted for using the equity method	655	-	655
Total segment assets	542,238	31,516	573,754
Segment liabilities	170,204	126,051	296,255
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (including the impact of business combinations)	75,142	-	75,142

Note 4 – Revenue and other income

	2020 $'000	2019 $'000
Revenue from continuing operations		
Sale of goods	**967,942**	1,002,583
Other income from continuing operations		
Rent received	**78**	124
Profit on sale of land	**-**	6,809
Credit card fees	**277**	-
Other	**727**	367
	1,082	7,300

Revenue recognition

For the sale of feed, the Group generally has one performance obligation. Consequently, revenue is currently recognised when the feed is either collected from the Ridley premises or delivered to the customers' premises, which are taken to be the points in time at which the customer accepts the feed and the performance obligation has been met when the control transfers. Revenue is recognised at these points, depending on agreed terms, provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

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 individually significant items:

(a) Depreciation and amortisation (i)

	2020 $'000	2019 $'000
Buildings	**2,153**	1,704
Plant and equipment	**17,584**	14,905
Software	**1,418**	1,325
Intangible assets	**133**	969
Right of use assets	**4,871**	-
	26,159	18,903

(i) The depreciation and amortisation charge is included either as cost of goods sold or within general and administrative expenses in the Consolidated Statement of Comprehensive Income, depending on the use of the asset.

(b) Finance costs

	2020 $'000	2019 $'000
Interest expense	**5,877**	6,225
Interest expense on lease liabilities	**437**	-
Amortisation of borrowing costs	**279**	144
Interest income	**(86)**	-
Unwind of discount on deferred consideration	**(679)**	(815)
	5,828	5,554

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 that 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.

Note 5 – Expenses continued

(c) Other expenses

	2020 $'000	2019 $'000
Employee benefits expense	**89,493**	85,471
Expenses relating to short-term leases and low-value assets#	**747**	4,313
Bad and doubtful debt expense – net of recoveries	**(10)**	163
Foreign exchange loss	**94**	-
Loss on disposal of property, plant and equipment	**269**	-
Research and development	**17,779**	24,480

The new lease accounting standard AASB 16 is effective for the financial year beginning 1 July 2019.

For the year ended 30 June 2020, the introduction of the new lease accounting standard has had the following financial impact. Refer also Note 28.

	30 June 2020 in $'000		
	EBITDA	EBIT	EBT
Reversal of lease payments previously expensed in profit and loss as general and administrative expenses	**5,046**	**5,046**	**5,046**
Depreciation expense on right-of-use assets	**-**	**(4,871)**	**(4,871)**
Interest expense on lease liabilities	**-**	**-**	**(437)**
Total profit and loss financial impact	**5,046**	**175**	**(262)**

(d) General and administrative expenses include the following individually significant items

	2020 $'000	2019 $'000
Internal restructure	**4,219**	-
Murray Bridge feedmill closure	**7,219**	-
Settlement of Baiada legal claim	**1,935**	-
Rationalisation of Central/Northern Victoria operations	**7,005**	-
Impairment of non-current investment property	**1,265**	-
Impairment of Novacq™ Business Unit	**21,573**	-
Total significant items included in general and administrative expenses	**43,216**	-

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.

	2020 $'000	2019 $'000
(a) Income tax expense		
Current tax	**2,959**	6,833
Deferred tax	**(9,817)**	157
Over provided in prior year	**(287)**	(216)
Aggregate income tax (benefit)/expense	**(7,145)**	6,774
Income tax expense is attributable to:		
Profit from continuing operations	**(7,145)**	6,774
(b) 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	**-**	244
(c) Reconciliation of income tax expense and pre-tax accounting profit		
Consolidated group (loss)/profit before income tax expense	**(15,785)**	30,339
Income tax (benefit)/expense using the Group's tax rate of 30%	**(4,736)**	9,102
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**116**	269
Overprovision in prior year	**(287)**	(216)
Research and development allowance	**(1,511)**	(1,700)
Disposal of Lara surplus land holdings	**-**	672
Disposal of asset available for sale	**99**	-
Recognition of capital loss on contract intangible	**-**	(1,363)
Impairments	**(705)**	-
Tax effect of overseas losses	**159**	-
Other	**(280)**	10
Income tax (benefit)/expense	**(7,145)**	6,774

Note 7 – Cash and cash equivalents

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

	2020 $'000	2019 $'000
Cash at bank	**45,818**	17,483

Reconciliation of net cash inflow from operating activities to profit after income tax		
Net (loss)/profit after tax for the year	**(8,640)**	23,162
Adjustments for non-cash items:		
Depreciation and amortisation (Note 5(a))	**26,159**	18,903
Net profit on sale of non-current assets (Note 4)	**(163)**	(6,809)
Share of loss from equity accounted investment (Note 14)	**333**	481
Non-cash impairment	**21,573**	-
Non-cash share-based payments expense (Note 25)	**1,481**	2,354
Non-cash write-down of closed feedmill assets and investment property	**10,911**	-
Non-cash finance movements	**(400)**	(815)
Bad debts provision	**(121)**	-
Other non-cash movements	**(2,129)**	(233)
Change in operating assets and liabilities:		
Decrease/(increase) in prepayments	**3,366**	(913)
Decrease/(increase) in receivables	**(4,829)**	(1,383)
Decrease/(increase) in inventories	**(20,661)**	(7,163)
Decrease/(increase) in deferred income tax asset	**(9,817)**	2,901
Increase/(decrease) in trade creditors	**3,167**	2,862
Increase/(decrease) in provisions	**4,917**	1,431
Increase/(decrease) in net income tax liability	**(1,662)**	2,046
Net cash from operating activities	**23,485**	36,824

Note 8 – Receivables

	2020 $'000	2019 $'000
Current		
Trade debtors	**102,362**	97,533
Less: Allowance for doubtful debts (**a**)	**(118)**	(239)
	102,244	97,294
Derivative assets (**b**)	**2,073**	-
Prepayments and other receivables	**3,605**	7,068
Lara land sale deferred consideration receivable	**3,800**	3,850
	111,722	108,212
Non-current		
Prepayments	**352**	534
Other receivable – joint venture entity (**c**)	**-**	5,989
Lara land sale deferred consideration receivable	**1,350**	5,150
	1,702	11,673

Trade receivables

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

The adoption of AASB 9 has changed the Group's accounting for impairment losses for trade and other receivables by replacing AASB 139's incurred loss approach with a forward-looking credit loss (**ECL**) approach. AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets, including trade and other receivables.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A provision has been recognised, determined with reference to forward-looking ECL.

(a) Movement in the allowance for doubtful debts

	2020 $'000	2019 $'000
Balance brought forward at 1 July	**239**	-
Adjustment to opening balance to recognise general provision	**-**	239
Revised opening balance as at 1 July	**239**	239
Provision for impairment during the year	**(500)**	-
Provision raised during the year	**416**	163
Receivables written off during the year	**(37)**	(163)
Balance carried forward at 30 June	**118**	239

As at 30 June 2020, a provision for doubtful debts of $118,335 (2019: $239,077) was raised against trade receivables. 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 that 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.

The Group's policy is to write off debts when there is no longer a reasonable expectation of recovery. Debts that are written off are still subject to enforcement activity. Any write-off of debt is presented to and approved by the Ridley Audit and Risk Committee.

Concentration of risk

Within the trade debtors ledger at 30 June 2020, the top five customer balances represent 37% of the total, and the top 20 represent 65%.

The current and non-current Lara land sale receivables are due from a single purchaser of the property, the legal titles for which are withheld by Ridley pending receipt of the final payment.

Ageing analysis

At 30 June 2020, the age profile of trade receivables that were past due amounted to $6,892,000 (2019: $10,061,000) as shown in the following table.

The ageing analysis of trade receivables is shown as follows:	2020 $'000	2019 $'000
Past due by 1–30 days	**5,771**	7,651
Past due by 31–60 days	**657**	1,140
Past due by 61–90 days	**259**	655
Past due by greater than 90 days	**205**	615
	6,892	10,061

(b) Derivative assets

Represents the fair value of the mark to market unrealised gain on forward futures contracts used to hedge the fair value risk associated with the purchase of raw materials.

Note 8 – Receivables continued

(c) Other receivable – joint venture entity

The parent entity previously provided an unsecured loan to the Pen Ngern Feed Mill Co., Ltd. (**PNFM**), which in the prior year was recognised as a non-current other receivable in accordance with the joint venture accounting of that entity in which Ridley held a 49% ownership interest. During FY20, the remaining 51% ownership interest in PNFM was acquired and the loan balance recapitalised into the investment in PNFM. The loan balance capitalised during FY20 was $6,474,000, compared to the outstanding loan balance at 30 June 2019 of $5,989,000.

Note 9 – Inventories

Current		2020 $'000	2019 $'000
Raw materials and stores	– at cost	**63,012**	42,695
Finished goods	– at cost	**35,506**	39,486
	– at net realisable value	**5,972**	1,648
		104,490	83,829

Write-downs of inventories to net realisable value of $1.0m (2019: $0.5m) have been 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 that 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

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.

	2020 $'000	2019 $'000
Assets held for sale	**188**	182

The sole residual surplus land holding at Lara, Lot D, which had a carrying value of $188,000 (2019: $182,000) was subject to an option to purchase agreement which expired on 2 July 2020. Subsequent to balance date, management is assessing the opportunities available to divest this land in the next 12 months and believes it appropriate to maintain the current carrying value and classification as a current asset.

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.

The only investment property comprises the former saltfield at Moolap, near Geelong in Victoria. An impairment against the full asset cost base was raised in FY20 and recognised in the Consolidated Statement of Comprehensive Income. The decision to impair the asset reflects the Victorian State Government's restrictions for the commercial development of the site as published in its August 2019 Moolap Coastal Strategic Framework Plan. The impairment of the asset will not diminish the Company's endeavours to generate shareholder value from this asset.

	2020 $'000	2019 $'000
Movement in investment properties		
Carrying amount at 1 July	**1,265**	1,275
Impairment	**(1,265)**	-
Depreciation and other expenses	**-**	(10)
Carrying amount at 30 June	**-**	1,265

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

Amounts recognised in profit and loss for investment properties:

	2020 $'000	2019 $'000
Direct operating expenses that did not generate rental income	**156**	702

Note 12 – Property, plant and equipment

2020 in $'000	Land and buildings	Plant and equipment	Capital work in progress	Right of use assets	Total
Cost at 1 July 2019	67,175	268,723	88,601	-	424,499
Accumulated depreciation	(10,878)	(154,298)	-	-	(165,176)
Carrying amount at 1 July 2019	56,297	114,425	88,601	-	259,323
Transition to AASB 16 Lease accounting standard (**Note 28**)	-	-	-	13,810	13,810
Other lease movements (**Note 28**)	-	-	-	(1,587)	(1,587)
Additions	7,249	2,055	51,416	1,476	62,196
Transfers from plant under construction	27,780	98,804	(126,584)	-	-
Impairment	-	(7,911)	-	-	(7,911)
Disposals	(1,369)	(5,603)	-	-	(6,972)
Depreciation	(2,153)	(17,584)	-	(4,871)	(24,608)
Carrying amount at 30 June 2020	87,804	184,186	13,433	8,828	294,251
At 30 June 2020					
Cost	100,835	356,068	13,433	13,699	484,035
Accumulated depreciation	(13,031)	(171,882)	-	(4,871)	(189,784)
Carrying amount at 30 June 2020	87,804	184,186	13,433	8,828	294,251

Note 12 – Property, plant and equipment continued

2019 in $'000	Land and buildings	Plant and equipment	Capital work in progress	Total
Cost at 1 July 2018	66,812	245,011	40,524	352,347
Accumulated depreciation	(9,174)	(140,577)	-	(149,751)
Carrying amount at 1 July 2018	57,638	104,434	40,524	202,596
Additions	-	-	73,343	73,343
Disposals	-	(7)	-	(7)
Transfers from capital work in progress	363	24,903	(25,266)	-
Depreciation	(1,704)	(14,905)	-	(16,609)
Carrying amount at 30 June 2019	56,297	114,425	88,601	259,323
At 30 June 2019				
Cost	67,175	268,723	88,601	424,499
Accumulated depreciation	(10,878)	(154,298)	-	(165,176)
Carrying amount at 30 June 2019	56,297	114,425	88,601	259,323

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, being 13 to 40 years for buildings and two to 30 years for plant and equipment.

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.

Certain items of plant and equipment in the Novacq™ Business Unit were impaired during the year by $7.9m to write these assets down to their estimated recoverable value (refer Note 13).

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 Tasmanian Government grant of $2.0m was awarded by Tasmania Development and Resources in 2017. With $1.0m already received in FY17 as Instalment 1, the remaining $1.0m was received in FY20 (nil in FY19) across two equal instalments, the first $500,000 (excluding GST) after commissioning in July 2019, and the second upon satisfactory validation of the achievement of 20 FTEs employed at Ridley's new extrusion plant at Westbury, Tasmania. All grant amounts received were recorded against the cost of the asset.

Note 13 – Intangible assets

2020 in $'000	Software	Goodwill	Contracts	Assets under development	Total
Carrying amount at 1 July 2019	**3,779**	**68,950**	**597**	**12,344**	**85,670**
Transfer from property, plant and equipment/additions	**381**	**1,022**	**-**	**3,413**	**4,816**
Disposals	**(58)**	**-**	**-**	**-**	**(58)**
Impairment	**-**	**(1,022)**	**-**	**(12,639)**	**(13,661)**
Amortisation charge	**(1,418)**	**-**	**(215)[1]**	**(133)**	**(1,766)**
Carrying amount at 30 June 2020	**2,684**	**68,950**	**382**	**2,985**	**75,001**
At 30 June 2020					
Cost	**18,065**	**69,903**	**685**	**3,250**	**91,903**
Accumulated amortisation and impairment	**(15,381)**	**(953)**	**(303)**	**(265)**	**(16,902)**
Carrying amount at 30 June 2020	**2,684**	**68,950**	**382**	**2,985**	**75,001**

1. Raised as reduction in revenue.

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

2019 in $'000	Software	Goodwill	Contracts	Assets under development	Total
Carrying amount at 1 July 2018	3,305	68,950	748	9,482	82,485
Transfer from property, plant and equipment/additions	1,799	-	685	2,995	5,479
Amortisation charge	(1,325)	-	(836)	(133)	(2,294)
Carrying amount at 30 June 2019	3,779	68,950	597	12,344	85,670
At 30 June 2019					
Cost	17,806	69,903	5,185	12,477	105,371
Accumulated amortisation	(14,027)	(953)	(4,588)	(133)	(19,701)
Carrying amount at 30 June 2019	3,779	68,950	597	12,344	85,670

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. Goodwill is not amortised.

Note 13 – Intangible assets continued

$56.6m (2019: $56.6m) of goodwill has been recognised in the Rendering Cash Generating Unit (**CGU**), while the balance has been accumulated from a combination of other CGUs over many years as summarised below:

	2020 $'000	2019 $'000
Rendering	**56,616**	56,616
AgriProducts	**12,334**	12,334
Total goodwill	**68,950**	68,950

(iii) Contracts

Amortisation methods, useful lives and residual values are and were reviewed at each financial year end and adjusted if appropriate. Contracts are amortised as a reduction in revenue.

(iv) Assets under development

Assets under development as at 30 June 2019 comprised the applied R&D activities conducted at Chanthaburi in Thailand in respect of the novel feed ingredient Novacq™ project. These assets were impaired by $12.6m down to zero as at 30 June 2020. The balance of assets under development at 30 June 2020 comprises the cumulative value of the five-year Novacq™ alliance with CSIRO, under which the Group contributes $1.0m per annum.

Research and development expenditure

Research and development (**R&D**) expenditure of $17,779,085 (estimated) has been incurred in the current year (2019: $24,480,278), which is expected to be included as eligible R&D in the R&D tax incentive schedule for FY20. 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.

Amortisation

Amortisation is calculated to write off the cost of the intangible assets less their residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

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.

Impairment testing

The recoverable amount of a CGU is initially assessed using value-in-use calculations. The following assumptions have been used in the preparation of the cash flow projections and analyses to undertake impairment testing, and have been applied to each CGU unless otherwise stated.

(i) Cash flow forecasts are based on the Board approved FY21 budget, with the forecast for the subsequent four years based on either (a) specific budgets and forecasts or (b) projected using a constant growth rate. A terminal value is also included in the calculation of the value in use.

(ii) Forecast growth rates are based on management's expectations of future performances for the respective CGUs having regard to industry growth rates and factors specific to the Group. Excluding the Aquafeed and Novacq™ CGUs, the Group applied a constant growth rate of 2% (2019: 2%) to the period beyond FY21, and also adopted a growth rate of 2% (2019: 2%) in the calculation of the terminal value. Growth rates for Aquafeed and Novacq™ vary for each year in the forecast period, influenced by factors such as the forecast growth from the new feedmill at Westbury and the expansion of commercial production of Novacq™. A terminal growth rate of 2.5% was applied to the Aquafeed CGU and 2% to the Novacq™ CGU.

(iii) Discount rates used are the weighted average cost of capital for the Group, adjusted as appropriate for the specific CGU. The post-tax discount rate applied to forecast cash flows was 8.0% (2019: 8.0%) except for the Novacq™ CGU, where 10% was adopted to reflect the early stage of its commercial lifecycle.

Impairments during the year

Although the efficacy of Novacq™ in the production of prawns has been well demonstrated and the product is being sold commercially, delays in the development and installation of processing technology have hindered the scale-up of production and restricted sales volumes and earnings accordingly.

As a consequence of the above, coupled with the economic uncertainty prevailing in domestic and world markets, the Company has recognised a non-cash impairment of $21.6m in its Novacq™ CGU in the financial results for the year ended 30 June 2020. The allocation of this impairment was $7.9m to property, plant and equipment, $12.6m to intangible assets under development, and $1.0m to goodwill. Following the recognition of this impairment there is no goodwill related to the Novacq™ CGU, the recoverable amount of which was assessed at $27.048m.

Impact of possible changes in key assumptions

With the exception of Novacq™, the carrying value of all CGUs was supported by the Group's impairment testing. The recoverable amount of the Aquafeed CGU (headroom of $10m at 30 June 2020) is sensitive to the forecast increase in production throughput at the newly commissioned feedmill in Westbury. Given the impairment recognised in relation to the Novacq™ CGU, any adverse change in assumptions or inputs (holding all other assumptions constant) would result in a further impairment.

Note 14 – Investments accounted for using the equity method

			Ownership interest		Carrying amount	
Name of company	**Principal activity**	**Country of incorporation**	**2020 %**	**2019 %**	**2020 $'000**	**2019 $'000**
Joint venture entities:						
Nelson Landholdings Pty Ltd as Trustee for Nelson Landholdings Trust[1]	Property realisation	Australia	**50**	50	**-**	-
Pen Ngern Feed Mill Co., Ltd.[2]	Aquafeed production	Thailand	**100**	49	**-**	655
					-	655

Investments accounted for using the equity method

1. 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. The balance date of the Nelson Landholdings Pty Ltd joint venture entity is 30 June.
2. On 28 January 2016, the Group acquired a 49% interest in Pen Ngern Feed Mill Co., Ltd. (**PNFM**) for an investment of $1.3m. PNFM is an entity domiciled in Thailand, which owns, and up to 30 June 2020 operated, a feedmill at Chanthaburi for the production of Aquafeed. The PNFM balance date is 31 December. Movements in the carrying amount of the investment up to 14 February 2020 reflect Ridley's equity accounted share of the operating result for PNFM.

   On 14 February 2020, the Group acquired the remaining 51% ownership interest in PNFM as part of a transaction that included the acquisition of approximately 50 hectares of land encompassing the existing Thailand Novacq™ production ponds plus 3m Thai Baht (c.$143,000) of net debt forgiveness. The purchase consideration of 171.2m Thai Baht (approximately $8.2m) has been applied to the value of the land acquired given the net indebtedness and recapitalisation of PNFM.

   In accordance with the accounting requirements of AASB 3 *Business Combinations*, fair values have been attributed to the net assets of PNFM as at the acquisition date and these values, plus 100% of the profits and losses of PNFM, have been consolidated as part of the Ridley Group result since that date.

   On 30 June 2020, the PNFM operation was restructured. From 1 July 2020, the feedmilling operations of PNFM have been suspended until such time as local prawn production has recovered from its current lows. The PNFM site is now dedicated to the Novacq™ dewatering, drying and bagging operation in accordance with the Thailand Board of Investment (**BoI**) approval received during FY20 for this activity. Approval was also received in FY20 from the BoI to relax the foreign land ownership restriction, thereby enabling Ridley to acquire full control and 100% ownership of PNFM.

Note 14 – Investments accounted for using the equity method continued

Investments in joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting.

	2020 $'000	2019 $'000
Carrying amount of investments accounted for using the equity method		
Opening carrying amount at 1 July	**655**	1,136
Share of operating losses after income tax	**(333)**	(481)
Carrying value of investment taken to consolidation adjustment	**(322)**	-
Closing carrying amount of equity accounted investment	**-**	655

Summarised financial information of 100% of the equity accounted investees, i.e. not adjusted for the percentage ownership held by the Ridley Group, is provided below.

	2020 $'000	2019 $'000
Current assets	**-**	479
Non-current assets	**-**	5,658
Total assets	**-**	6,137
Current liabilities	**-**	32
Non-current liabilities	**-**	7,529
Total liabilities	**-**	7,561
Net liabilities	**-**	(1,424)
Revenue	**-**	634
Net loss after tax	**-**	(979)

The Group's share of operating losses of the joint venture for the period to consolidation was $333,000, which resulted in a joint venture accounted carrying value at the date of consolidation of $322,000.

Note 15 – Tax assets and liabilities

	2020 $'000	2019 $'000
Current		
Tax asset	**-**	-
Tax liability	**384**	2,046
Non-current		
Deferred tax asset	**13,554**	3,737
Movement in deferred tax asset:		
Opening balance at 1 July	**3,737**	3,619
Credited to the statement of comprehensive income	**9,817**	118
Closing balance at 30 June	**13,554**	3,737

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
Consolidated balances	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Intangibles	**372**	-	**-**	(3,241)	**372**	(3,241)
Doubtful debts	**36**	72	**-**	-	**36**	72
Property, plant and equipment	**6,754**	2,623	**(1,078)**	(624)	**5,676**	1,999
Employee entitlements	**4,869**	4,660	**-**	-	**4,869**	4,660
Provisions	**33**	-	**-**	-	**33**	-
Restructuring provision	**1,819**	-	**-**	-	**1,819**	-
Other	**749**	227	**-**	20	**749**	247
Tax assets/(liabilities)	**14,224**	7,582	**(1,078)**	(3,845)	**13,554**	3,737

Movement in net deferred tax assets and liabilities

Consolidated movements	**Balance 30 June 2018 $'000**	**Recognised in profit or loss $'000**	**Balance 30 June 2019 $'000**	**Recognised in profit or loss $'000**	**Balance 30 June 2020 $'000**
Intangibles	(3,052)	(189)	(3,241)	3,613	**372**
Doubtful debts	-	72	72	(36)	**36**
Property, plant and equipment	2,188	(189)	1,999	3,677	**5,676**
Employee entitlements	4,544	116	4,660	209	**4,869**
Provisions	-	-	-	33	**33**
Restructuring provision	-	-	-	1,819	**1,819**
Other	(61)	308	247	502	**749**
Tax assets/(liabilities)	3,619	118	3,737	9,817	**13,554**

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 that 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

	2020 $'000	2019 $'000
Current		
Trade creditors and accruals	**161,247**	158,759
Lease liabilities	**4,127**	-
	165,374	158,759
Non-current		
Lease liabilities	**4,882**	-

Trade payable facility

The Group has a trade payable facility that 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 (2019: $50,000,000). The amount utilised and recorded within trade creditors at 30 June 2020 was $49,854,499 (2019: $38,534,164).

Note 17 – Provisions

	2020 $'000	2019 $'000
Current		
Provision for restructuring	**6,354**	-
Employee entitlements	**14,763**	16,006
	21,117	16,006
Non-current		
Employee entitlements	**324**	518

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 restructuring

The provision for restructuring comprises all of the estimated costs of employee termination benefits, asset relocation, site closure, demolition, remediation and preparation for divestment with regard to the Bendigo and Mooroopna feedmills.

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.

Superannuation

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Note 18 – Borrowings

	2020 $'000	2019 $'000
Current		
Bank loans (unsecured)	**193,000**	-
Non-current		
Bank loans (unsecured)	**-**	118,926

Subsequent to 30 June 2020 and prior to 13 August 2020, the Group received certain waivers from its lenders on its financial covenants for the 30 June 2020 testing period. These waivers provide financial covenant relief in respect of any impairment charges raised against the FY20 result.

On 13 August 2020, the Ridley Board considered and resolved to approve the recognition of non-cash impairment charges against the Novacq™ Cash Generating Unit. Despite having received the impairment waivers, the Australian Accounting Standards deem this decision to have applied as at 30 June 2020 (i.e. prior to the granting of the impairment waivers by the Group's financiers), and therefore that there has been a technical breach of banking covenants, which requires the Group's borrowings to be reported as current rather than non-current. At the date of approval of the Financial Report, the lending facilities have been restored to the classification of non-current borrowings and the Group has remained at all times compliant with its funding covenants, including as at the most recent test date of 30 June 2020.

Total loan facilities available to the Group

		2020		2019	
A$'000		**Limits**	**Utilised**	**Limits**	**Utilised**
Long-term loan facility	(a)	**200,000**	**163,000**	200,000	119,500
Trade receivables facility	(b)	**30,000**	**30,000**	-	-
Cash		**-**	**(45,818)**	-	(17,483)
		230,000	**147,182**	200,000	102,017

(a) Long-term loan facility

On 24 December 2019, the Group executed an extension in term and value of its long-term loan facility (**Facility**) with ANZ and Westpac. The Facility term was extended a further five years to 26 December 2024 and the available funding maintained at $200m, continuing to be split equally split between the two financiers.

The Facility comprises unsecured bank loans with floating interest rates subject to bank covenant arrangements in respect of a leverage cover ratio, interest cover ratio, gearing ratio and consolidated net worth. The leverage cover ratio was relaxed during FY20 to accommodate the increased level of debt associated with the construction of the new feedmill at Wellsford in Central Victoria, which follows the commissioning of the new extrusion plant formally opened in July 2019 at Westbury in Tasmania. The Group is in compliance with all Facility covenants and reports as such to the two financiers on a six-monthly basis coinciding with the release of the half year and full year Financial Reports.

(b) Trade Receivables Facility

In order to provide an appropriate funding contingency buffer in addition to the facility, on 13 November 2019 the Group executed a $30m Trade Receivables Facility with Cooperative Rabobank U.A. Australia Branch (**Rabobank**). Upon execution of this new facility, the funds were fully drawn and applied to the partial repayment of the Facility. This Rabobank facility has been, and will continue to be, fully drawn for the foreseeable future. In addition to adopting the same bank covenants calculation and reporting arrangements as prevailing under the Facility, a detailed monthly analysis of the Trade Receivables Ledger is provided by the Group to Rabobank.

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 Facility agreement, subject to the paragraph following, if the Group does not pay an amount when due and payable, the banks 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.

Under the terms of the Rabobank facility, ANZ as the Group's transactional bank, has agreed not to exercise its right of set off until Rabobank has received payment in full of the amount advanced to the Group under the trade receivables facility.

As at 30 June 2020, the value of legally enforceable cash balances that upon default or bankruptcy would be applied to the loan facility is $45,818,000 (2019: $17,483,000).

Note 19 – Share capital

	Parent entity	
	2020 $'000	2019 $'000
Fully paid up capital:		
317,431,555 ordinary shares with no par value (2019: 311,256,221)	**223,521**	218,941

The Dividend Reinvestment Plan (**DRP**) was utilised for the payment of the FY20 interim dividend of 1.5cps on 30 April 2020, which resulted in the issue of 2,862,277 (2019 interim: 896,926) fully paid ordinary shares to existing shareholders, plus 3,313,057 (2019 interim: 2,542,224) fully paid ordinary shares issued to institutional and sophisticated investors pursuant to a shortfall placement under the DRP. The issue price for these shares was $0.748 per share and the costs of the DRP were $39,172 (2019 interim: $69,420). Issued share capital consequently increased through the issue of these 6,175,334 (2019 interim: 3,439,150) shares from 311,256,221 shares to 317,431,555 shares.

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:

	2020 $'000	2019 $'000
Gross debt	**193,000**	118,926
Less: cash	**(45,818)**	(17,483)
Net debt	**147,182**	101,443
Total equity	**261,645**	277,499
Gearing ratio	**56.3%**	36.6%

Note 20 – Reserves and retained earnings

Reserves	2020 $'000	2019 $'000
Share-based payments reserve		
Opening balance at 1 July	**3,601**	3,240
Options and performance rights expense	**1,481**	2,354
Share-based payment transactions	**(163)**	(2,370)
Retained earnings transfer	**(3,076)**	377
Closing balance at 30 June	**1,843**	3,601

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.

Fair value reserve	2020 $'000	2019 $'000
Opening balance at 1 July	**117**	520
Available-for-sale financial assets – net change in fair value, net of tax	**114**	(403)
Realisation of reserve following disposal of asset	**(231)**	-
Closing balance at 30 June	**-**	117

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Retained earnings	**2020 $'000**	**2019 $'000**
Opening balance at 1 July	**54,840**	44,902
Recognition of expected credit losses under IFRS 9	**-**	(239)
Related tax	**-**	72
Impact at 1 July	**-**	(167)
Revised opening balance at 1 July	**54,840**	44,735
Net (loss)/profit for the year	**(8,640)**	23,565
Dividends paid	**(13,226)**	(13,083)
Share-based payments reserve transfer	**3,076**	(377)
Fair value reserve transfer	**231**	-
Closing balance at 30 June	**36,281**	54,840

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 2020**	**Ownership interest 2019**
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%
Ridley Corporation (Thailand) Co., Ltd	Thailand	Ordinary	**100%**	100%
Ridley Corporation Ecuador S.A.	Ecuador	Ordinary	**100%**	100%
Ridley Corporation (India) Private Limited	India	Ordinary	**100%**	100%
Novacq™ International Pte. Ltd.	Singapore	Ordinary	**100%**	-
Pen Ngern Feed Mill Co., Ltd. (PNFM) – see Note 14	Thailand	Ordinary	**100%**	49%
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%
Moolap Land Development Corporation Pty Ltd	Australia	Ordinary	**100%**	100%

PNFM transitioned from an equity accounted 49% interest to a wholly-owned subsidiary in FY20 as detailed in Note 14 to these accounts. Novacq™ International Pte. Ltd. was incorporated in Singapore on 17 December 2019 with AUD$10,000 of issued share capital. Any operational and trading activity through the regional trading hub of Singapore can be managed through this entity, which did not trade during the year.

Note 22 – Parent entity

As at 30 June 2020 and throughout the financial year ending on that date, the parent company of the Group was Ridley Corporation Limited.

	2020 $'000	2019 $'000
Result of the parent entity		
Loss for the year	**(9,937)**	(11,363)
Comprehensive income for the year	**114**	(403)
Total comprehensive income for the year	**(9,823)**	(11,766)
Financial position of the parent entity at year end		
Current assets	**24,388**	1,392
Non-current assets	**398,008**	363,702
Total assets	**422,396**	365,094
Current liabilities	**199,549**	6,072
Non-current liabilities	**-**	118,926
Total liabilities	**199,549**	124,998
Net assets	**222,847**	240,096
Share capital	**223,521**	218,941
Share-based payment reserve	**1,843**	3,718
Retained earnings	**(2,517)**	17,437
Total equity	**222,847**	240,096

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 that 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.

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

	2020 $'000	2019 $'000
Profit before income tax	**7,905**	24,178
Income tax expense	**(2,633)**	(6,774)
Profit after income tax	**5,155**	17,404
Other comprehensive income		
Available-for-sale financial assets – realisation on disposal of asset	**114**	(403)
Total comprehensive income for the year	**5,269**	17,001

(b) Summary of movements in retained profits

	2020 $'000	2019 $'000
Opening balance at 1 July	**44,630**	41,256
Recognition of expected credit losses under IFRS 9 – after tax	**-**	(167)
Pen Ngern Feed Mill pre-consolidation losses	**4,186**	-
Comprehensive income for the year	**5,272**	17,001
Dividends paid	**(13,226)**	(13,083)
Share-based payment reserve net transfer	**1,318**	(377)
Closing balance at 30 June	**42,180**	44,630

(c) Balance Sheet

	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	**43,652**	13,799
Receivables	**107,585**	104,184
Inventories	**104,227**	83,829
Tax asset	**-**	-
Total current assets	**255,464**	201,812
Non-current assets		
Receivables	**15,360**	10,151
Property, plant and equipment	**279,751**	259,045
Intangible assets	**85,841**	85,215
Investments	**12,979**	-
Investments accounted for using the equity method	**-**	655
Deferred tax asset	**5,548**	3,737
Available-for-sale financial asset	**-**	1,725
Total non-current assets	**399,479**	360,528
Total assets	**654,943**	562,340
Current liabilities		
Payables	**166,434**	157,672
Provisions	**20,934**	16,006
Tax liability	**1,825**	2,046
Total current liabilities	**189,193**	175,724
Non-current liabilities		
Borrowings	**193,000**	118,926
Payables	**4,882**	-
Provisions	**324**	518
Total non-current liabilities	**198,206**	119,444
Total liabilities	**387,399**	295,168
Net assets	**267,544**	267,172
Equity		
Share capital	**223,521**	218,941
Reserves	**1,843**	3,601
Retained earnings	**42,180**	44,630
Total equity	**267,544**	267,172

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 with related parties

		2020 $'000	2019 $'000
Transactions with related parties were as follows:			
Sales of products	– associate	**-**	-
Purchases of products/services	– associate	**-**	-
	– joint venture entity	**-**	-
Outstanding balances with related parties were as follows:			
Current receivable – joint venture entity		**-**	5,989

The Pen Ngern Feed Mill joint venture became a wholly-owned subsidiary during the financial year and the loan balance was recapitalised as detailed in Note 8(c).

Key Management Personnel compensation

	2020 $	2019 $
Short-term employee benefits	**2,803,746**	3,140,631
Post-employment benefits	**171,689**	176,621
Other benefits	**1,359,051**	5,000
Short-term incentive remuneration	**445,250**	-
Share-based payments	**376,455**	883,896
Total Key Management Personnel compensation	**5,156,191**	4,206,148

Note 25 – Share-based payments

Share-based payment expense	2020 $'000	2019 $'000
Shares issued under the Employee Share Scheme	**-**	455
Performance rights issued under Long Term Incentive Plan	**1,481**	1,899
Total share-based payment expense	**1,481**	2,354

Share-based payment arrangements

The fair value at grant date of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the period of vesting of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, such as the ESS, the fair value at grant date is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

Ridley Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan was developed specifically to retain and motivate key executives. Under the Special Retention Plan, selected executives and the Managing Director may be offered a number of performance rights (**SRP Rights**). The Plan offer is made in accordance with the rules of the Ridley Long Term Incentive Plan except that there are no disposal restrictions and the cessation of employment has been superseded, such that the SRP Rights under this offer vest in full on the earlier occurrence of (i) completion of two years of service from the date of grant; (ii) ceasing to be an employee of Ridley because of a sale of a subsidiary entity; and (iii) occurrence of a change of control event. Each SRP Right provides the entitlement to acquire one Ridley share at the end of the service period.

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 Rights granted is recognised as an employee benefit expense over the performance period with a corresponding increase in equity.

Current year issues under the Ridley Corporation Long Term Incentive Plan

In prior years, the performance measure for Rights issued under the LTIP has been 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 1 July effective date of grant. Fair value was calculated by an independent expert in accordance with AASB2 on an option-equivalent basis.

For FY20 and subsequent years, there are two performance measures, namely Return on Funds Employed (**ROFE**) and Absolute TSR (as opposed to Relative TSR). The new measures are more aligned to current industry best practice and are less subject to distortion from extraneous factors beyond the Group's control.

The number of Rights issued to each participant in FY20 is divided equally into two tranches, Tranche A and Tranche B. The performance measure for Tranche A Rights is the ROFE hurdle, while the Absolute TSR is the performance hurdle for Tranche B Rights. The testing of each tranche is independent of the other tranche, such that one tranche could hypothetically result in 100% vesting while the other could result in 100% forfeiture, or any combination thereof.

The fair value of Tranche B Rights has been calculated by an independent expert in accordance with AASB2 on an option-equivalent basis, while the accounting fair value of Tranche A Rights is estimated excluding the impact of the ROFE hurdle (as this is considered a 'non-market condition'). The impact of the ROFE hurdle is then taken into consideration via adjusting the estimated number of Tranche A Rights that will vest based on current and projected performance.

The model inputs for the Tranche A and Tranche B Rights granted during the reporting period under the LTIP included:

Grant date/expiry date	**1 Sept 2019/30 June 2022**
Share price at grant date	**$1.08**
Fair value at grant date: Tranche A/Tranche B	**$0.96 [1]/$0.250**
Expected price volatility of the Company's shares	**22.5%**
Expected dividend yield	**4.25cps**
Risk-free interest rate	**0.68%**

1. The fair of Tranche A Rights before adjusting for the likelihood of exceeding the ROFE hurdle.

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

Note 25 – Share-based payments continued

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

2020

Grant date	Expiry date	Balance at 1 July 2019	Granted during the year	Cancelled during the year	Vested during the year	Balance at 30 June 2020
Long Term Incentive Plan						
1 July 2016	30 Jun 2019	**2,500,000**	**-**	**(2,500,000)[1]**	**-**	**-**
1 July 2017	30 Jun 2020	**2,450,000**	**-**	**(225,000)**	**-**	**2,225,000**
1 July 2018	30 Jun 2021	**2,650,000**	**-**	**(250,000)**	**-**	**2,400,000**
1 September 2019	30 Jun 2022	**-**	**4,098,368**	**(452,262)**	**-**	**3,646,106**
		7,600,000	**4,098,368**	**(3,427,262)**	**-**	**8,271,106**
Special Retention Plan						
1 Jan 2017	1 Jan 2020	**150,000**	**-**	**-**	**(150,000)**	**-**
		7,750,000	**4,098,368**	**(3,427,262)**	**(150,000)**	**8,271,106**

2019

Grant date	Expiry date	Balance at 1 July 2018	Granted during the year	Cancelled during the year	Vested during the year	Balance at 30 June 2019
Long Term Incentive Plan						
1 July 2015	1 July 2018	2,425,000	-	(1,016,075)	(1,408,925)	-
1 July 2016	1 July 2019	2,600,000	-	(100,000)	-	2,500,000[1]
1 July 2017	1 July 2020	2,550,000	-	(100,000)	-	2,450,000
1 July 2018	1 July 2021	-	2,700,000	(50,000)	-	2,650,000
		7,575,000	2,700,000	(1,266,075)	(1,408,925)	7,600,000
Special Retention Plan						
1 Jan 2017	1 Jan 2020	150,000	-	-	-	150,000
		7,725,000	2,700,000	(1,266,075)	(1,408,925)	7,750,000

1. The performance targets for this tranche of Performance Rights were not met and consequently all of these Performance Rights were forfeited on 1 July 2019.

Ridley Employee Share Scheme

At the 1999 Annual General Meeting, shareholders approved the introduction of the Ridley Employee Share Scheme (**ESS**). 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.

There were no options issued under the ESS in FY20.

The fair value at grant date of the options issued in the prior year through the ESS was measured based on the binomial option pricing model using the following inputs:

Grant date	**21 June 2019**
Restricted life	**3 years**
Share price at grant date	**$1.185**
Fair value at grant date	**$0.642**
Expected price volatility of the Company's shares	**22.5%**
Expected dividend yield	**0.41–0.42cps**
Risk-free interest rate	**1.28%**

Ridley Employee Share Scheme movements

2020 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 the end of the year	Exercisable at the end of the year
5 April 2005	5 April 2008	**$0.77**	**46,980**	**-**	**(46,980)**	**-**	**-**
11 April 2008	11 April 2011	**$0.56**	**111,166**	**-**	**(111,166)**	**-**	**-**
30 April 2010	30 April 2013	**$0.61**	**141,636**	**-**	**(22,792)**	**118,844**	**118,844**
30 April 2011	30 April 2014	**$0.66**	**132,704**	**-**	**(22,620)**	**110,084**	**110,084**
30 April 2012	30 April 2015	**$0.61**	**168,708**	**-**	**(28,118)**	**140,590**	**140,590**
26 April 2013	26 April 2016	**$0.41**	**403,546**	**-**	**(77,792)**	**325,754**	**325,754**
23 May 2014	23 May 2017	**$0.48**	**476,370**	**-**	**(87,690)**	**388,680**	**388,680**
31 May 2015	31 May 2018	**$0.66**	**436,835**	**-**	**(82,018)**	**354,817**	**354,817**
20 May 2016	20 May 2019	**$0.85**	**471,801**	**-**	**(88,740)**	**383,061**	**383,061**
19 May 2017	19 May 2020	**$0.84**	**516,605**	**-**	**(94,180)**	**422,425**	**422,425**
31 May 2018	31 May 2021	**$0.84**	**608,450**	**-**	**(108,955)**	**499,495**	**-**
21 June 2019	21 June 2022	**$0.64**	**708,133**	**-**	**(131,440)**	**576,693**	**-**
			4,222,934	**-**	**(902,491)**	**3,320,443**	**2,244,255**
Weighted average exercise price			**$0.68**	**N/A**	**$0.67**	**$0.68**	**$0.65**

The 'Exercisable at end of the year' column in the above and following table reflects the fact that the options outstanding have a weighted average contractual life of three years (2019: three years).

2019 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 the end of the year	Exercisable at the end of the year
29 January 2002	29 January 2005	$0.82	22,000	-	(22,000)	-	-
28 January 2003	28 January 2006	$0.74	41,850	-	(41,850)	-	-
5 April 2005	5 April 2008	$0.77	62,640	-	(15,660)	46,980	46,980
10 April 2006	10 April 2009	$0.66	84,896	-	(84,896)	-	-
13 April 2007	13 April 2010	$0.57	94,986	-	(94,986)	-	-
11 April 2008	11 April 2011	$0.56	129,096	-	(17,930)	111,166	111,166
3 April 2009	3 April 2012	$0.34	230,568	-	(230,568)	-	-
30 April 2010	30 April 2013	$0.61	179,080	-	(37,444)	141,636	141,636
30 April 2011	30 April 2014	$0.66	170,404	-	(37,700)	132,704	132,704
30 April 2012	30 April 2015	$0.61	210,058	-	(41,350)	168,708	168,708
26 April 2013	26 April 2016	$0.41	483,769	-	(80,223)	403,546	403,546
23 May 2014	23 May 2017	$0.48	604,350	-	(127,980)	476,370	476,370
31 May 2015	31 May 2018	$0.66	575,909	-	(139,074)	436,835	436,835
20 May 2016	20 May 2019	$0.85	578,289	-	(106,488)	471,801	471,801
19 May 2017	19 May 2020	$0.84	590,010	-	(73,405)	516,605	-
31 May 2018	31 May 2021	$0.84	686,275	-	(77,825)	608,450	-
21 June 2019	21 June 2022	$0.64	-	708,133	-	708,133	-
			4,744,180	708,133	(1,229,379)	4,222,934	2,389,746
Weighted average exercise price			$0.66	$0.64	$0.60	$0.68	$0.61

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 dependants 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 $5,613,534 (2019: $5,687,335).

Note 27 – Financial risk management

The Group's activities expose it to a variety of financial risks: market risk including currency, interest rate, commodity, credit and liquidity 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 manage certain risk exposures. Any derivatives used to manage these exposures are designated into either fair value or cash flow hedging relationships (as appropriate).

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.

(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, Thai Baht 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

The Group holds foreign currency bank accounts in US dollars, New Zealand dollars, Thai Baht 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.

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

	2020					2019				
$'000 Australian dollars	**USD**	**NZD**	**EUR**	**THB**	**SGD**	**USD**	**NZD**	**EUR**	**THB**	**GBP**
Cash	**488**	**1,086**	**41**	**2,162**	**30**	93	1,053	111	3,681	-
Assets	**-**	**-**	**-**	**24,453**	**-**	-	-	-	5,989	1,725
Net balance sheet exposure	**488**	**1,086**	**41**	**26,615**	**30**	93	1,053	111	9,670	1,725

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 decreased by $357,688 (2019: $1,156,690) or increased by $437,174 (2019: $1,413,732) the Group's reported comprehensive income and the Group's equity. A sensitivity of 10% has been selected as this is considered reasonable, taking into account the current level of exchange rates and 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 2.8% (2019: 3.8%).

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.

In $'000	Interest rate	2020	Interest rate	2019
Variable rate instruments				
Cash	**-**	**45,818**	-	17,483
Bank loans	**2.8%**	**193,000**	3.8%	119,500

Interest rate sensitivity

A 100 basis point change 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 $1,351,000 (2019: $832,000).

(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. Wherever possible, the Group mitigates credit risk through securing of 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:

	2020 $'000	2019 $'000
Trade receivables	**102,244**	97,294
Other receivables	**5,150**	16,989
Cash and cash equivalents	**45,818**	17,483
	153,212	131,766

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

Note 27 – Financial risk management continued

(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 finance team 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 Note 18.

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

2020 in $'000	Carrying amount	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total contractual cash flows
Non-derivative financial liabilities							
Trade and other payables[1]	**160,988**	**160,998**	**-**	**-**	**-**	**-**	**160,998**
Lease liabilities	**9,009**	**4,127**	**2,374**	**1,586**	**886**	**36**	**9,009**
Bank loans	**193,000**	**5,346**	**5,346**	**5,346**	**195,628**	**-**	**211,666**
	362,997	**170,471**	**7,720**	**6,932**	**196,514**	**36**	**381,673**

1. Includes derivative of $1,719,800 to be settled within 12 months.

2019 in $'000	Carrying amount	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total contractual cash flows
Non-derivative financial liabilities							
Trade and other payables	158,759	158,759	-	-	-	-	158,759
Bank loans	118,926	4,555	4,555	4,555	4,555	123,481	141,701
	277,685	163,314	4,555	4,555	4,555	123,481	300,460

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts, noting that the maturity of the contractual cash flows for the Group's borrowings reflects the impact of the waivers granted by the Group's lenders.

(e) Other financial assets

	2020 $'000	2019 $'000
Fair value through other comprehensive income		
Equity securities – available for sale	**-**	1,725

The fair value is a Level 1 valuation (see Note 27(g)).

(f) Financial instruments

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.

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.

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. Refer Note 33.

(g) Fair values

Fair values versus carrying amounts

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

For financial assets and liabilities carried at fair value, the Group uses the following to categorise the method used:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). Valuation inputs include forward curves, discount curves and underlying spot and futures prices.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note 28 – Leases

While the majority of the Group's operations are conducted on sites owned by the Group, the Group leases certain sites and warehouses on long-term lease periods of up to 10 years in duration, preferably with options for Ridley to renew in order to provide operational flexibility. Each lease is negotiated in the context of market conditions and unique terms and conditions as offered by the individual lessor. Previously, these long term leases were classified as operating leases and the lease payments expensed as incurred, with no balance sheet entries required to be recorded.

The Group leases motor vehicles and certain items of mobile plant under a number of different lease arrangements with external fleet management entities. The Group leases certain IT equipment with contract terms of up to three years. These leases are considered to be short term and for low-value individual items. Under the new accounting standard, the Group has elected not to recognise these right of use assets and liabilities in respect of these leases, which consequently continue to be expensed as payments are incurred.

(i) Right of use assets – in $'000

	Property	Motor vehicles	Plant	Total
Balance as at 1 July 2019	8,225	1,645	3,940	13,810
Cancellation of Thailand leases	(1,210)	-	-	(1,210)
Additions to right of use assets	-	419	1,057	1,476
Execution of extension option	-	162	128	290
Cancellation of leases	-	-	(667)	(667)
Accumulated depreciation	(2,530)	(1,107)	(1,234)	(4,871)
Balance as at 30 June 2020	**4,485**	**1,119**	**3,224**	**8,828**

Note 28 – Leases continued

(ii) Lease liabilities – in $'000

	Property	Motor vehicles	Plant	Total
Balance as at 1 July 2019	(7,521)	(1,645)	(3,940)	(13,106)
Cancellation of Thailand leases	587	-	-	587
Additions to lease liability	-	(419)	(1,057)	(1,476)
Execution of extension option	-	(162)	(128)	(290)
Cancellation of leases	-	-	667	667
Accretion of interest	(240)	(62)	(135)	(437)
Payments	2,545	1,169	1,332	5,046
Balance as at 30 June 2020	(4,629)	(1,119)	(3,261)	(9,009)
Current	2,189	820	1,118	4,127
Non-current	2,440	299	2,143	4,882

(iii) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the expiry of the initial lease term. The Group assesses at the commencement of the initial lease term, or whenever there is a significant event or change in circumstances relating to a lease, the likelihood of it exercising its option to extend the lease.

The Group's Aquafeed business unit is currently undertaking a storage and logistics review of its Narangba operation. Consequently, the renewal of the existing office and warehousing third party lease, which expires in December 2020, does not meet the reasonably certain criterion for execution of an extension option. The current annual lease rental for this facility is $0.8m. The Group considers the potential future lease payments associated with the exercise of all other lease term extension options to be immaterial or uncertain.

(iv) Amounts recognised in profit or loss and statement of cash flows – in $'000

Refer to Note 5(b) for the financial impact of lease accounting on profit or loss. The total cash outflows for leases in the year was $5,046,000.

(v) Reconciliation of operating lease expenses reported at 30 June 2019 to AASB16 adopted numbers on 1 July 2019, in $'000

Operating lease commitments at 30 June 2019 as disclosed in the Group's consolidated financial statements	15,741
Discounting using the incremental borrowing rate at 1 July 2019	(1,823)
Recognition of exemption for leases with less than 12 months of lease term and low value assets at transition	(812)
Lease liabilities recognised at 1 July 2019	13,106

Note 29 – Commitments for expenditure

	2020 $'000	2019 $'000
Expenditure contracted for but not recognised as liabilities:		
Capital plant and equipment **(a)**	**12,968**	41,815
CSIRO Novacq™ Research Alliance **(b)**	**1,750**	2,750
	14,718	44,565
Total Group commitments for non-cancellable operating leases:		
Due within one year	**224**	5,244
Due within one to two years	**224**	4,272
Due within two to five years	**560**	5,282
Due after five years	**-**	943
	1,008	15,741

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

(a) Capital plant and equipment

At 30 June 2020, capital plant and equipment commitments of $2.714m existed in respect of completion of the new Wellsford feedmill. At 30 June 2020, there was $44.4m of capital work in progress associated with the construction of this new feedmill in Central Victoria, which was commissioned during the fourth quarter of FY20 and officially opened on 3 August 2020.

The new extrusion plant at Westbury, Northern Tasmania, was transferred from capital work in progress to property, plant and equipment effective on 1 July 2019.

(b) CSIRO Novacq™ Research Alliance

On 24 March 2017, a five-year strategic alliance was executed with CSIRO to collaborate in order to maximise the development of new Novacq™ applications beyond the former application for prawn and crustacean species. Ridley's annual cash commitment to the alliance is $1m, and Ridley has the option to extend the relationship for a further five years. The quarterly payments are being capitalised into the Novacq™ Project reflected in the Balance Sheet as a non-current intangible asset.

Note 30 – 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.

	2020 $'000	**2019 $'000**
Bank guarantees	**971**	967

Litigation

In the ordinary course of business, the Group may be subject to legal proceedings or claims. Where there is significant uncertainty as to whether a future liability will arise in respect of these items, or the amount of liability (if any) that may arise cannot be reliably measured, these items are accounted for as contingent liabilities. Based on information available as of the date of this report, the Group does not expect any of these items to result in a material loss.

On 14 February 2020, Ridley announced the conclusion of the Baiada legal proceedings through the execution of a commercial settlement, whereby Baiada terminated its legal proceedings. Under the terms of the settlement agreement, Ridley is paying $1.935m to Baiada in three instalments over a 12-month period, all of which have been accounted for in the FY20 result and of which $1.5m was outstanding as at 30 June 2020. The existing supply agreement between Ridley and Baiada was also amended to provide production efficiencies for Ridley and changes to the fee structure. The term of the agreement was extended for a further two years to expire on 30 November 2025.

Note 31 – Events occurring after the balance sheet date

As previously announced, Ridley Chair Dr Gary Weiss AM retires on 26 August 2020.

Mr Mick McMahon and Mr Rhys Jones are being appointed as Ridley Directors on 27 August 2020, with Mr McMahon assuming the role of Ridley Chair. Mr McMahon is also being appointed to the Ridley Audit and Risk Committee and Mr Jones to the Remuneration and Nominations Committee.

There were no other matters or circumstances have arisen since 30 June 2020 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 – Auditor's remuneration

	2020 $	2019 $
(a) Audit and review of financial reports		
Auditor of the Company – KPMG Australia	**362,480**	369,196
(b) Other services		
Auditor of the Company – KPMG Australia – in relation to other assurance, taxation and due diligence services	**22,956**	26,383
Total remuneration of auditor	**385,436**	395,579

Note 33 – Corporate information and accounting policy summary

Ridley Corporation Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia, whose registered office is at level 4, 565 Bourke Street, Melbourne, Victoria, 3000, and whose shares are publicly traded on the Australian Securities Exchange (**ASX**). The consolidated financial statements as at, and for the year ended, 30 June 2020 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 animal nutrition solutions.

The Financial Report was authorised for issue by the Directors on 26 August 2020 and is presented in Australian dollars, being the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2018/191 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.

Basis of preparation

The principal accounting policies as outlined below and as 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 except if mentioned otherwise. Certain comparative amounts have been restated, reclassified or re-presented to conform with the current year's presentation. This is the first set of the Group's financial statements in which AASB 16 *Leases* has been applied.

(i) 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**).

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 financial year, and has not early adopted any new or amended standards in preparing these consolidated financial statements.

(ii) AASB 16 Leases (Policy applicable from 1 July 2019)

The new lease accounting standard AASB 16 is effective for the financial year beginning 1 July 2019. It requires all leases to be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised. AASB 117 *Leases* only requires leases categorised as finance leases to be recognised on the balance sheet. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into on or after 1 July 2019.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if:

- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee,
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or
- if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group has no material contractual arrangements where it is the lessor of an operating or finance lease.

(c) Short-term leases and lease of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Financial impact – profit and loss account

The financial impact of the introduction of the new accounting standard is reported in Note 5(c).

(e) Reconciliation of lease liabilities at 1 July 2019 to operating lease commitments at 30 June 2019

The reconciliation of movements in right-of-use assets and associated lease liabilities for the year is provided in Note 28.

Note 33 – Corporate information and accounting policy summary continued

(f) Use of lease estimates and judgements

- Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or terminate.

- Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (**IBR**) to measure lease liabilities. The IBR is the rate of interest the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

Where leases are held in non-Australian dollar currencies, the spot exchange rates on 1 July 2020 have been used to value them. Lease liabilities will be revalued to spot exchange rates at each future balance sheet date.

(iii) 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:

- available for sale financial assets; and
- cash-settled share-based payment arrangements, which are measured at fair value.

(iv) 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 that 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 following.

(a) Estimated recoverable amount 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 that 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.

(b) Estimated Research and Development costs and tax provisions

As at the date of adoption of these financial statements, the total cost of projects eligible to claim the Research and Development Tax Incentive (**RDTI**) and the tax provisions are estimates only. The actual RDTI claimable cost and income tax return are finalised in the first half of the ensuing financial year in order to facilitate respective lodgements within the required deadlines.

(c) 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. Refer to Note 11 for further details on investment properties.

(d) Provision for ECL on receivables

The Group calculates the doubtful debts provision under the expected credit loss (**ECL**) model. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Measurement of ECL allowance for trade receivables is disclosed in Note 8.

(e) Determining timing of satisfaction of performance obligations

The Group generally has one performance obligation, and consequently revenue from the sale of feed is recognised at a point in time. Refer to Note 4 for further details on revenue recognition.

(v) 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.

(a) 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.

Ridley buys large volumes of grain for stockfeed manufacture, with price risk mainly offset through sales of finished feed. Where Ridley commits to forward grain purchases at a fixed price and future date, unsupported by a finished feed sale contract, Ridley may look to offset price risk through the use of a forward futures contract derivative instrument, which creates a floating purchase price to mitigate the price risk in the intervening period.

In such instances, the futures contract hedge is deemed to be highly effective because (a) volumes are consistent across the committed purchase and sold futures contract, (b) timeframes for grain delivery and futures maturity are aligned, and (c) pricing reference points are consistent.

(b) Non-derivative financial assets and liabilities

The forward futures contracts and the committed purchases in place at balance date have been revalued at 30 June 2020. The hedge is classified as a fair value hedge of a firm commitment per IFRS 9/39. Both the derivative and the commitment have been revalued at 30 June 2020 and recognised on balance sheet at their fair value. The difference between the two revaluations represents the 'ineffectiveness' in the hedge relationship and gives rise to a mark to market gain (or loss) and is recognised in profit or loss.

As at 30 June 2020, the Group had 16 forward futures contracts in the form of swaps in Australian dollar currency with a mark to market gain of $295,512. The corresponding asset of $2,073,000 has been recorded as a current receivable 'Fair value of financial instruments' (Note 8), while the liability is included within current payables 'Trade creditors and accruals' (Note 18).

(c) 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.

(vi) 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 33 – Corporate information and accounting policy summary continued

(vii) 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.

(viii) 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.

(ix) 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.

(x) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates prevailing at balance date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates prevailing at the date of the transactions.

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 55 to 96 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 2020 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 2020.
4. The financial statements also comply with International Financial Reporting Standards as disclosed in Note 33.

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

Dr G H Weiss
Director and Ridley Chair

Q L Hildebrand
CEO and Managing Director

Melbourne
26 August 2020

KPMG

Independent Auditor's Report

To the shareholders of Ridley Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Ridley Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2020
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Ridley Corporation Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Carrying value of non-current assets, including goodwill and capitalised development costs
- Accounting for inventory, including consideration of valuation risks

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Carrying value of non-current assets, including goodwill and capitalised development costs	
Refer to Note 12 *Property, plant and equipment* and Note 13 *Intangible assets* to the financial report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of non-current assets, including goodwill and capitalised development costs, for impairment due to the: • Complexity in auditing the assumptions applied to the Group's discounted cash flow models for each Cash Generating Unit (CGU), given the potential variability in demand from customers operating in the agriculture industry. We focused on the key assumptions the Group applied in preparing the "value in use" cash flow models, including the terminal value, annual growth rates and discount rates; and • Complexity in auditing the Group's forecasts relating to the recoverability of capitalised development costs for new products, due to the judgement applied by the Group relating to the timing and amount of future benefits from commercialisation of the product. The industry is evolving through technology advancements by the Group and its competitors, which can lead to shifts in market demand for products. We focused on gathering evidence for the critical judgements in the forecast being the timing and amount of future benefits. The Group uses complex models to perform its annual testing for impairment. The models are largely manually developed, use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. For certain CGUs, the Group has not met prior forecasts, increasing our focus on the risk associated with the reliability of current forecasts. Complex modelling using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. In addition to the above, the Group recorded an impairment charge of $21.6 million in relation to goodwill, intangible assets and property, plant and equipment relating to the Novacq CGU. This further increased our audit effort in this key audit area.	Our procedures included: • Testing the key controls over the cash flow models, including inspection of Board approval of key assumptions and budgets, which form the basis of the cash flow forecasts; • Assessing the Group's discounted cash flow models and key assumptions by: - Considering the appropriateness of the value in use method applied by the Group to perform the test for impairment against the requirements of the accounting standards. - Assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. - Comparing the forecast cash flows contained in the value in use models to the Board approved forecasts. - Assessing the accuracy of previous Group forecasts to inform our evaluation of current forecasts incorporated in the model. We considered previous trends where volatility in earnings in the agriculture industry existed and how this volatility impacted the business. - Considering the sensitivity of the model by varying key assumptions, such as growth rates, cash flows and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. - Using our knowledge of the Group, business and industry developments, we challenged the Group's significant forecast cash flow and growth assumptions as incorporated in the models. - Working with our valuation specialists, we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. In addition, we involved our valuation specialists in the assessment of the long term growth rates used in the value in use model. - Working with our valuation specialists, we compared the earnings multiples implied by the Group's recoverable amount assessment to observable multiples for comparable entities;

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We recalculated the impairment charge against the recorded amount disclosed in the financial statements; and • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Accounting for inventory, including consideration of valuation risks

Refer to Note 9 *Inventories* to the financial report

The key audit matter	How the matter was addressed in our audit
Inventory valuation is a key audit matter due to the audit effort arising from the extent of judgement applied by the Group in determining the net realisable value. In particular, there is judgement in relation to any slow moving or excessive inventory items which may require reprocessing prior to sale. The Group has a diverse and broad product range, and sells to different market segments, which increases the amount of judgement applied by the Group in assessing the valuation of inventory. Such judgements may have a significant impact on the net realisable value due to inventory obsolescence (including slow moving or excessive inventory), and therefore the overall valuation of inventories, necessitating our audit effort thereon.	Our procedures included: • Assessing the inventory balance by testing inventory controls and performance of physical counts at a sample of locations including variance approval. • Examining processes and testing controls relating to standard costing and valuation; • Assessing the Group's accounting policies relevant to inventory valuation against the requirements of accounting standards; • Evaluating the completeness of at-risk slow moving or excessive inventory items identified by the Group. To do so, we compared inventory listings against the following to identify any additional at-risk items: – historical sales information; and – our observations of inventory condition at the physical counts we attended at key locations; • Comparing a sample of inventory values against current selling prices for products to identify any items selling for less than their carrying value; and • Challenging the Group's assessment of net realisable value where the carrying value of inventory was identified as being at-risk.

Other Information

Other Information is financial and non-financial information in Ridley Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors report. The About the Company, 2020 Features, Five Year Summary, Ridley Locations and Sectors, Chairman's Report, CEO's Review, Financial Review, Board of Directors, Shareholder Information, Glossary and Corporate Directory are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Ridley Corporation Limited for the year ended 30 June 2020 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Chris Sargent
Partner
Melbourne
26 August 2020

Shareholder Information

	Number of Holders	Number of Securities	% Held by 20 largest Shareholders
Holdings of securities – ordinary shares			
Each fully paid	6,440	317,431,555	73.84%

Distribution of holdings – ordinary shares

Number held	Number of ordinary shareholders	Number of ordinary shares held
1–1,000	1,182	514,889
1,001–5,000	2,243	6,647,342
5,001–10,000	1,146	8,619,344
10,001–100,000	1,739	44,871,141
>100,000	130	256,778,839
Total	**6,440**	**317,431,555**

There are 789 holders of unmarketable parcels (comprising shareholdings less than 667 shares at $0.75 per share) of Ordinary Shares.

20 largest fully paid shareholders	Number of ordinary shares	% of fully paid ordinary shares
CITICORP NOMINEES PTY LIMITED	92,313,348	29.08
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	62,348,668	19.64
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	44,985,460	14.17
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	7,646,991	2.41
NATIONAL NOMINEES LIMITED	7,014,172	2.21
BNP PARIBAS NOMS PTY LTD <DRP>	4,495,037	1.42
ANGIP NOMINEES PTY LTD <JOHNS FAMILY A/C>	1,750,000	0.55
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,724,161	0.54
MR ROSS MERVYN JOHNS	1,700,000	0.54
MR JAMES FONG SEETO	1,650,000	0.52
TIMOTHY HART	1,554,868	0.49
LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C>	1,550,000	0.49
PA AND RE GIBSON PTY LTD <PA&RE GIBSON SUPER FUND A/C>	1,050,000	0.33
MR ALAN MACLEAN BOYD	865,469	0.27
MR RUSSELL N LYONS	770,694	0.24
CHARLES KLEM	654,979	0.21
GARMARAL PTY LTD	626,377	0.20
RCL RETIREMENT PTY LTD	583,320	0.18
MR LYNDEN WAYNE SMITH + MRS JANET GWENDOLEEN SMITH	560,000	0.18
RESIDENTIAL VILLAGES (VIC) PTY LTD	545,000	0.17
Top 20 ordinary fully paid shareholders	**234,388,544**	**73.84**
Balance of ordinary fully paid shareholders	**83,043,011**	**26.16**

Substantial Shareholders	Holding	% Holding
Insitor Holdings LLC / AGR Partners LLC	60,727,615	19.73
Lazard Asset Management	29,375,176	9.25
Schroder Investment Management Australia Limited	27,696,981	9.00
Massachusetts Financial Services Company	21,938,642	7.05
Spheria Asset Management Pty Ltd	20,460,127	6.45
MFS International New discovery Fund, a sub fund of MFS Series Trust V	19,363,828	6.22
Dimensional Fund Advisors Group	15,954,589	5.18

Directors' Holdings

On 14 September 2020, 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
MP McMahon	-	-
QL Hildebrand	52,756	1,133,488
PM Mann	99,044	-
RJ van Barneveld	83,053	-
E Knudsen	703,286	-
DJ Lord	134,275	-
R Jones	-	-
	1,072,414	1,133,488

Voting Rights

As at 15 September 2020, the number of holders of Fully Paid Ordinary Shares with full voting rights was 6,440. 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 Ordinary Share held. A shareholder may appoint a maximum of two proxies to represent them at general meeting.

Glossary

AASB	Australian Accounting Standards Board
AASBs	Australian Accounting Standards
ASX	Australian Securities Exchange
Board	Ridley Board of Directors
BoI	Thailand Board of Investment
CEO	Ridley Chief Executive Officer and Managing Director
CGU	Cash Generating Unit
CODM	Chief Operating Decision Maker
Company	Ridley Corporation Limited
COO	Chief Operating Officer
CSF Proteins	Rendering businesses at Laverton, Victoria, and Maroota, NSW
CSIRO	Commonwealth Scientific and Industrial Research Organisation
Deed	Deed of Indemnity between the Company and its Directors and executive officers
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEO	Equal Employment Opportunity
ECL	Expected Credit Loss
EPS	Earnings per share
ESS	Ridley Employee Share Scheme
EV	Enterprise Value being debt plus equity
Fund	Ridley Superannuation Plan – Australia
FY	Financial year
GPS	Global Positioning System
Group	Ridley Corporation Limited and its subsidiaries
GST	Goods and Services Tax
Ha	Hectare
IASB	International Accounting Standards Board
IFRSs	International Financial Reporting Standards
IP	Intellectual property
ITS	Information Technology Services
KMP	Key Management Personnel
KPIs	Key Performance Indicators
KPMG	Independent external auditor of Ridley
Kt	Thousand tonnes
LTIFR	Lost Time Injury Frequency Rate
LTIP	Ridley Corporation Long Term Incentive Plan
M	Million
Managing Director	Ridley Chief Executive Officer and Managing Director
MTI	Medically Treated Injury/ies
NGER	*National Greenhouse and Energy Reporting Act 2007* (Cth)
NPAT	Net Profit After Tax
NSW	New South Wales
NTA	Net Tangible Assets
P/E	Ratio of share price to earnings
PNFM	Pen Ngern Feed Mill Co., Ltd.
R&D	Research and Development
Ridley	Ridley Corporation Limited
Right(s)	Performance Right(s) issued under the LTIP
RIOC	Ridley Innovation and Operational Committee
ROFE	Return on Funds Employed
SRP	Special Retention Plan
SRP Rights	Special Retention Plan Rights
STI	Short-term incentive
TEP	Total Employment Package
TRFR	Total Recordable Frequency Rate
TSR	Total Shareholder Return
US	United States of America
VWAP	Volume Weighted Average Price

Corporate Directory

Ridley Corporation Limited
ABN 33 006 708 765

Corporate office and registered office
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Ridley AgriProducts Pty Limited
ABN 94 006 544 145

www.agriproducts.com.au

CSF Proteins Pty Limited
ABN 77 000 499 918

www.csfproteins.com.au

Community interest

www.barastochorse.com.au
www.cobberchallenge.com.au

RIDLEY