Your choice. Your fertiliser provider.

Ravensdown
Fertiliser Australia

Annual Report 2013

Financial Highlights

All figures in this report are in AUD unless otherwise stated.

TOTAL DISTRIBUTION TO SHAREHOLDERS

$300 THOUSAND

SHAREHOLDER DISTRIBUTION

$8.00 PER TONNE

FOUNDING MEMBER REBATE

SALES REVENUE

$35.68 MILLION

Thanks to the Board, staff and the CANEGROWERS team

I would like to thank my fellow Board members, Alf Cristaudo from CANEGROWERS, and our Ravensdown Chairman Bill McLeod, and Chief Financial Officer Sean Connolly for their support throughout the year. Your team in Queensland and New Zealand continue to work hard to deliver quality fertiliser to you. I thank the RFA management and staff for their efforts.

We must record our appreciation for the continued support from CANEGROWERS. Alf and their team have given valuable support to your fertiliser company. Importantly this has also been well backed up by the individual CANEGROWER offices in many regions of Queensland who have worked closely with the RFA team on local initiatives and, again, we thank them.

Thanks also for the contribution of previous CANEGROWERS CEO Steve Greenwood for his contribution before retiring from the board. We welcome Paul Schembri to the board and his commitment is already crystal clear.

Greg Campbell
Chairman

Contents

Report from the Chairman

Greg Campbell
Chairman

In the 2012-13 year we saw strong support from CANEGROWERS but the Ravensdown group of companies suffered a disappointing result due to a unique set of circumstances.

Growers in Queensland bought the highest amount of their nutrients from Ravensdown Fertiliser Australia since the company was invited over by CANEGROWERS four years ago.

In 2012/13, existing and new members combined to increase sales volumes by 33% over the previous year. With this higher level of sales, there was a corresponding 31% increase in revenue to $35.7m. For your Queensland fertiliser provider, profit before rebate and tax was $154,000.

As part of a wider group including NZ and Australian operations, we earned a net profit before tax of AUD $5m ($40m 2012). This profit figure was a very disappointing result for the group as a whole and led to no rebate being paid on fertiliser purchases for the first time in five years. In New Zealand, the lack of rebate was the first time that has happened in Ravensdown's 35-year history.

Action taken over unacceptable result
Your Board is determined that this unacceptable result does not reoccur and decisive action has been taken.

The businesses in Western Australia and South Australia lost $18m before tax. Whilst our operation in Queensland is seeing strong support, there is still some way to go before the assets employed are providing adequate returns.

As a group, we have initiated a wide-ranging strategic review with the aim of freeing up capital, reducing risk, improving operating profit and lowering our debt position.

We are selling our stake in the South Australian joint venture Direct Farm Inputs and exiting the loss-making Western Australia business. As a result, net debt requirements were down AUD $78m and positive cash-flow from operations was up to $129m this year. Our debt position is improving, so we can reinvest in our fixed assets, infrastructure and customer service initiatives.

When factoring out the Australian businesses that are being sold, the profit before tax for continuing operations including RFA was $23m. However, we will still be incurring losses from the WA business until the sale process is complete.

Our core fertiliser business remains strong, with recent currency and commodity movements putting Ravensdown in a solid financial position for the coming year.

A tough year shows the value of strong support.

Bruce Keenan, Business Development Manager

Business Highlights

Thanks to the support of growers placing more of their tonnages with Ravensdown, there were plenty of highlights this year for RFA.

- The Board approved capital for the design and installation of a new blending and bagging plant in the Townsville Store to be installed for the 2013 season.
- We recruited a new Townsville-based Account Manager who will service the Burdekin and Herbert River regions.
- Our customer survey rated us positively, with our account managers and Customer Centre rated highly.
- Ravensdown's soil testing laboratory, ARL, introduced a new leaf/sap test to further assist growers in determining nutrient requirements.
- An arrangement with a solid fertiliser applicator contractor in Mackay proved successful and the strategy will now be introduced into other regions.

Local commitment
The company continues to invest in infrastructure. Local suppliers in Townsville are benefitting from Ravensdown's $1.5 million investment in a new blending and bagging plant. Our new blending plant is now operational. In addition, investment in a new bagging plant will offer improved efficiencies and reduce bagging costs while delivering faster bagging rates.

Distribution improves convenience
Growers can buy their Ravensdown fertiliser in more places than ever. In conjunction with Town & Country Ag Services Limited, we finalised a storage and handling agreement for the new Town and Country Rifle Range Road outlet in Innisfail. This was in addition to our expanding distribution with similar agreements taking place at the Babinda and Gordonvale stores of Town and Country Ag Services.

In July 2012, we finalised a storage and handling agreement with Liddle and Sons located in the Herbert River region and subsequently extended the arrangement to their new Tully store which opened in February.

We signed a partnership with Wilmar, which made it easier for shareholders to order Ravensdown-branded Biodunder® with the potential to receive rebates on their purchased nutrients.

Tonnage choices impacting on prices
We're committed to keeping prices competitive here in Queensland and every tonne helps. Certainly in specific locations where we were no longer able to supply, prices have risen almost immediately.

We've seen great support from CANEGROWERS who kicked off their "100,000 tonne target" campaign to encourage growers to increase their share of purchases through Ravensdown.

Ravensdown Townsville's Senior Storeman, Paul Holmkvist (left) and Store Manager Lance Hopkinson (right) standing in front of the new $1.5 million blending and bagging plant.

"It's not rocket science, and nor is it difficult to work out that we need Ravensdown to stay in the market."

Frank Mugica, cane farmer, from Ayr, North Queensland

Seeking longevity

Frank Mugica owns and runs a cane farm at Ayr in North Queensland. "We didn't hesitate to sign up when the opportunity arose four years ago – we already knew how co-operatives worked," Frank said.

"Just as we were certain at the start that this would be the right move for us, we are just as certain now - still committed, and reaping the benefits."

"Looking forward in cane farming, or any other agricultural sector, you have to strive for an efficient operation for better productivity and sustainability, and that's why on this farm we're giving the lion's share to Ravensdown," Frank said.

"We are also consistently trying to increase Ravensdown's exposure to other growers. We want longevity, and we can only achieve that with support. One of the things I ask other growers is: 'What do you think you would be paying per tonne of fertiliser now if Ravensdown was not here?'"

Quality guarantee the key

Paul Fordyce and his wife Leanne bought their first cane farm six years ago, are new clients and have moved 100 per cent to Ravensdown Fertiliser Australia.

"I haven't bought the product before, and to be honest I hadn't given it any serious thought until a neighbour of mine had a bit of trouble about two years ago. I had to help him scrape the fertiliser out of the fertiliser bin – the quality just wasn't there.

RFA publicly acknowledged there was a problem with quality in that particular year, and long ago the issue has been resolved to the point that they can now promote with confidence the new RFA quality guarantee.

Why buy into your own company in a half-hearted manner? You get the best possible price because as a farmer and a shareholder, you own it. It really is in everyone's financial interests to have a good look at it.

Bruce Keenan, Business Development Manager

Business Highlights

Growing conditions

The 2012 harvest was completed in good weather with just the right amount of rain to ensure fertiliser applications went smoothly for growers.

As a result, early indications were for a good 2013 crop. However, dry spells of weather in Central and North Queensland before Christmas and then again in March meant that when rains did arrive, they were too late to grow the crop out to its potential. In addition to this, the Burdekin and Herbert River Regions have suffered from the previously unknown, but industry-concerning, Yellow Cane Syndrome which reduced root structure and diminished sugar content in affected blocks.

Worldwide trends for fertiliser

World supply of fertiliser has seen a year where fertiliser prices peaked in the June to August 2012 period as a result of the North American market shortage and large cereal plantings.

Fast forward to July 2013 and we saw a weakening in the market because of new supply coming on stream particularly for urea and DAP combined with easing demand for fertiliser in India and China.

On the supply side, the move to shale gas in the US has transformed the economics of commissioning urea plants in close proximity to those gas facilities.

In the coming 12 months, we expect fertiliser prices to remain softer as a result of world demand and supply.

Longer term, the demand curve will continue to increase as the world's population grows and a larger more prosperous middle class consume more protein.

Shipping costs are at relatively low levels as a result of increased ship numbers while world demand for primary produce such as ores and coal have remained static. Our shipping operation based in Australia continues to secure good value.

Ravensdown tightened its physical quality specifications and rationalised its core base of suppliers around the world. New Ammonium Sulphate suppliers have been brought in and we continue our procurement of quality fertiliser on shareholders' behalf.

Growers valued technical advice and access to quality products in a challenging year.

> "We signed on straight away and we just find it so easy."
>
> *Clinton McNee, cane farmer, from Burdekin, North Queensland*

In for the long haul

The McNee family has come a long way since Grandad Kevin McNee grew tobacco on the parcel of land they call home at Clare in the Burdekin in North Queensland.

He said the debilitating price of fertiliser in around 2008 was one of those occasions the McNee family would not soon forget. "When Ravensdown Fertiliser Australia moved into the market we all agreed that this was the ideal way to get, and to keep competition in market," Clinton said.

I generally plant with no fertiliser and then come in with a DAP and sulphate blend at emergence. On the ratoons I use Cropmaster 29 – I'm pretty happy with how this works for me."

Clinton said being shareholders in their own company gave the McNee family confidence in the future. "We're not going anywhere, and we intend to continue supporting Ravensdown - every year just gets better and better.

"We're very keen to do our part to make sure Ravensdown continues to grow."

A fair price for fertiliser

Grower Arthur Woods says: "Our business joined Ravensdown when they first came to the district and we have been purchasing the bulk of our fertiliser requirements from them ever since.

We have found them to be very accommodating when there have been any issues with quality.

I would recommend that all Canegrowers join the Ravensdown fertiliser supply chain. As Ravensdown supplies our fertiliser virtually at cost price, I cannot understand why other growers are not using this valuable resource.

I urge all growers to purchase at least some of their fertiliser from Ravensdown. Compare the price and quality and help keep a true competitor in the marketplace which will assure all growers of a fair and non-inflated fertiliser price for years to come."

Ravensdown Fertiliser Australia Team

Greg Campbell
Director, Chairman

Bill McLeod
Director

Sean Connolly
Director

Alf Cristaudo
Director

Alan Thomson
Company Secretary and
General Manager

Bruce Keenan
Sales/Business
Development Manager

Paul Schembri
Director

2013 Financial Statements

Directors' declaration

In the opinion of the directors of Ravensdown Fertiliser Australia Limited (the Company):

(a) the financial statements, notes and the Remuneration report in the Directors' report are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's financial position as at 31 May 2013 and of its performance, for the financial year ended on that date,
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as described in note 2(a);

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the directors have been given the declaration required by Section 295A of the Corporations Act 2001 from the General Manager for the financial year ended 31 May 2013.

Signed in accordance with a resolution of the directors:

G S Campbell
Chairman

S M Connolly
Director

2 August 2013

Contents

Directors' report

For the year ended 31 May 2013

The directors present their report together with the financial report of Ravensdown Fertiliser Australia Limited ("the Company") for the year ended 31 May 2013 and the auditor's report thereon.

Directors

All directors of the Company are non executive. The directors of the Company at any time during or since the end of the financial year are:

William McLeod
William McLeod is a dairy, sheep and beef farmer and Managing Director of Morrinsville Transport and Regional Transport.

He is the Chairman of Ravensdown Fertiliser Co-operative Limited.

William McLeod was appointed a director on 2 June 2009.

Other directorships and memberships: Chairman/ shareholder - Morrinsville Transport Ltd; Director/ shareholder - Morrinsville Transport Management Services Ltd, Regional Transport Ltd, New Skyes Agriculture Ltd, MTL Properties Ltd, Dunvegan Farms Ltd; Board Member - Fertiliser Manufacturers Research Association; Director - New Zealand Phosphate Company; Shareholder - Fonterra Co-operative Group Limited.

Greg Campbell
Greg Campbell is the Chief Executive Officer of Ravensdown Fertiliser Co-operative Limited and Chairman of Ravensdown Fertiliser Australia Limited.

Greg Campbell was appointed a director on 1 January 2013 and Chairman on 16 April 2013.

Other directorships and memberships: New Zealand Phosphate Company Limited, EcoCentral Limited and Director of various subsidiaries and affiliates of Ravensdown Fertiliser Co-operative Limited.

Sean Connolly
Sean Connolly is the Chief Financial Officer of Ravensdown Fertiliser Co-operative Limited.

Sean Connolly was appointed a director on 2 June 2009.

Other directorships and memberships: Member of New Zealand Institute of Chartered Accountants; Director of various subsidiaries and affiliates of Ravensdown Fertiliser Co-operative Limited; Director of a family company.

Alf Cristaudo
Alf Cristaudo is a cane grower farmer from Herbert River, North Queensland.

Alf Cristaudo was appointed a director on 29 May 2009.

Other directorships and memberships include: Chairman - Queensland Cane Growers Organisation Limited (CANEGROWERS); Chairman - Australian Canegrowers Council; Chairman - CANEGROWERS Financial Services Pty Ltd; Chairman - CANEGROWERS Superannuation Pty Ltd; Chair – Australian Sugar Industry Alliance; Director - National Farmers Federation; Member - Members Council of NFF; Director - World Association of Beet and Cane Growers.

Rodney Green
Rodney Green is the former Chief Executive Officer of Ravensdown Fertiliser Co-operative Limited and former Chairman of Ravensdown Fertiliser Australia Limited.

Rodney Green was appointed a director on 2 June 2009 and resigned on 31 December 2012.

Other directorships and memberships: Former director of various subsidiaries and affiliates of Ravensdown Fertiliser Co-operative Limited.

Steve Greenwood
Steve Greenwood is the former Chief Executive Officer of Queensland Cane Growers Organisation Limited (CANEGROWERS).

Steve Greenwood was appointed a director on 19 November 2010 and resigned on 22 April 2013.

Other directorships and memberships include: Former Director - CANEGROWERS Financial Services Pty Ltd; Former director - CANEGROWERS Superannuation Pty Ltd; Former director - CANECARD Pty Ltd; Former director - QCGC Insurance Services Pty Ltd; Former CEO - Queensland Cane Growers Organisation Limited (CANEGROWERS).

Company secretary

Alan Thomson
Alan Thomson is the Australian General Manager of Ravensdown Fertiliser Co-operative Limited.

Alan Thomson was appointed as Company Secretary on 23 July 2009.

Other directorships and memberships: Director - Direct Farm Inputs Pty Ltd.

DIRECTOR	BOARD MEETINGS HELD DURING TIME DIRECTOR HELD OFFICE	BOARD MEETINGS ATTENDED
William McLeod	5	5
Greg Campbell	1	1
Sean Connolly	5	5
Alf Cristaudo	5	5
Rodney Green	4	4
Steve Greenwood	5	5

Remuneration report - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the directors of the Company and a senior executive. Compensation levels for directors are set to compensate for time spent on governance matters. In the case of directors who are executives of the ultimate parent company, compensation is foregone. Compensation of the senior executive is set at a level appropriate to retain an appropriately experienced and qualified executive.

Compensation levels are reviewed annually by the ultimate parent company's remuneration committee. The remuneration committee obtains independent advice on the appropriateness of compensation packages for both executives of the ultimate parent company and the Company. In addition to a salary the Company also provides non-cash benefits to its senior executive, which are disclosed on a total cost basis, including any relevant FBT changes.

Performance linked compensation

Performance linked compensation includes short-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive is an 'at-risk' bonus provided in the form of cash. An incentive bonus was paid to the General Manager for achievement of specific targets, development of the business in Queensland and the management of exceptional events in the previous reporting period. There has been no remuneration consisting of options.

Directors' report *(continued)*

For the year ended 31 May 2013

Consequences of performance on equity holder wealth

In considering the Company's performance and benefits for equity holder wealth, the remuneration committee have regard to the following in respect of the current financial year and the previous two financial years since the Company's inception.

In thousands of AUD$	2013	2012	2011
Revenue before rebates to members	35,682	27,189	26,336
Profit attributable to equity holders before rebates payable to members	170	355	912
Rebates to members	(298)	(1,266)	(1,678)
Profit attributable to equity holders of the company	(128)	(911)	(766)

The overall level of key management personnel compensation takes into account the continuing improved performance of the Company over a number of years as well as considering the fact that it remains in its early growth stage.

Key management personnel

Name	Position
Greg Campbell	Chairman
William McLeod	Director
Sean Connolly	Director
Alf Cristaudo	Director
Alan Thomson	General Manager and Company secretary
Rodney Green	Former Director (resigned 31 December 2012)
Steve Greenwood	Former Director (resigned 22 April 2013)

Key management personnel compensation comprised:

	2013				
In Australian dollars	SALARY & FEES	SUPERANNUATION CONTRIBUTIONS	NON-MONETARY BENEFITS	BONUS	TOTAL $
Directors					
William McLeod	15,000	-	-	-	15,000
Alf Cristaudo	13,764	1,236	-	-	15,000
Steve Greenwood	15,000	-	-	-	15,000
General Manager					
Alan Thomson	179,744	16,177	7,500	15,000	218,421
Total					**263,421**

	2012				
In Australian dollars	SALARY & FEES	SUPERANNUATION CONTRIBUTIONS	NON-MONETARY BENEFITS	BONUS	TOTAL $
Directors					
William McLeod	15,000	-	-	-	15,000
Alf Cristaudo	13,760	1,239	-	-	14,999
Steve Greenwood	15,000	-	-	-	15,000
General Manager					
Alan Thomson	175,565	15,801	7,500	20,000	218,866
Total					**263,865**

Greg Campbell, Sean Connolly and Rodney Green as executives of the ultimate parent company are not compensated for their directorship of the Company.

Steve Greenwood's remuneration as director is paid directly to CANEGROWERS.

The General Manager is employed under a general employment agreement. There are no termination clauses in the agreement.

Principal activities

The principal activities of the Company during the course of the financial year was the supply of fertiliser and other related services to the agricultural sector.

Operating and financial review

Fertiliser tonnes sold grew to the highest level since the company's inception 4 years ago. In 2012/13, existing and new members combined to increase sales volumes by 33% over the previous year. With this higher level of sales, there was a corresponding 31% increase in revenue. Profitability improved with the company experiencing a net loss of $128,000 after paying the Foundation Member Rebate and tax (2012: $911,000 loss).

The second stage of the port store in Townsville has been completed with only compliance and settlement to be finalised. Additional leased storage has been attained for the start of the 2013-14 year until settlement has been reached and Ravensdown obtains access to the full site. An experienced senior storeman has been recruited to support the store manager and is now also working at the Townsville site.

The company continues to invest in infrastructure in anticipation of continued sales growth. A blending plant is being installed and will be available for the next season. In addition, investment in a new bagging plant will offer improved efficiencies and reduce bagging costs while delivering faster bagging rates. Together these capital investments will reduce order to despatch times ensuring faster delivery times for customers.

It was a challenging year for the Ravensdown group with profitability impacted by climatic events in New Zealand as well as a decision to exit its West Australian business. The Ravensdown group will not be paying an additional rebate for the 2012/13 financial year.

	KEY FINANCIAL FIGURES	
In thousands of Australian dollars	2013	2012
Turnover	35,682	27,189
Redeemable preference shares	8,023	7,457
Rebates to members	298	1,266
Results from operating activities before finance costs and taxes	(79)	(931)

Directors' report *(continued)*

For the year ended 31 May 2013

Environmental regulation

Licenses and consents are in place at each site the Company operates, determined in consultation with local environmental and regulatory authorities.

Dividends

There were no dividends paid during the financial year.

Redeemable preference shares

R Class redeemable preference shares rank equally with the Q Class redeemable preference shares except for Founding Member Rebate which is only applicable to Q Class. Both the Q Class and R Class redeemable preference shares are classified as equity because holders of these shares can under certain circumstances request that Ravensdown Fertiliser Australia Limited redeem any or all of its shares, but the final decision on redemption is solely at the discretion of the Board.

Capital commitments

Ravensdown Fertiliser Australia Limited entered into a contract in 2011 for the purchase of a building in Townsville in the amount of $3.2 million. As at 31 May 2013 the amount has been disclosed as a capital commitment as the final conditions for the sale are still to be acted upon, the amount has not been settled and the title has not passed.

Directors' interests

The relevant interest each director owns either directly or indirectly in the Company is as follows:

DIRECTORS	REDEEMABLE PREFERENCE SHARES	
	2013	2012
Greg Campbell	-	-
William McLeod	-	-
Sean Connolly	-	-
Alf Cristaudo	4,334	4,100
Alan Thomson	-	-
Rodney Green	-	-
Steve Greenwood	-	-

No director holds ordinary shares or share options in the company.

Likely developments

Further information on likely developments in the operations of the Company and the expected results of the operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Indemnification and insurance of officers and auditors

The Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

During the year the ultimate parent entity held insurance policies that cover directors' and officers' liability and legal expenses insurance contracts for the year ended 31 May 2013. The ultimate parent entity has not incurred any additional premiums to have these policies in place. The ultimate parent entity has agreed to continue the insurance contracts for the year ending 31 May 2014. The insurance contracts insure persons who are or have been directors or executive officers of the Company against certain liabilities (subject to specific exclusions).

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 37 and forms part of the directors' report for the financial year ended 31 May 2013.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

G S Campbell
Chairman

S M Connolly
Director

2 August 2013

Statement of financial position

As at 31 May 2013

In thousands of Australian dollars	*Note*	**2013**	**2012**
Assets			
Property, plant and equipment	*11*	5,200	4,977
Deferred tax assets	*12*	1,065	1,028
Total non-current assets		6,265	6,005
Inventories	*13*	9,608	7,856
Ultimate parent receivable	*25*	-	54
Trade and other receivables	*14*	1,208	1,305
Current tax assets	*12*	-	34
Prepayments		45	25
Cash and cash equivalents	*15*	158	457
Total current assets		11,019	9,731
Total assets		**17,284**	**15,736**
Liabilities			
Member deposits	*17*	192	207
Ultimate parent advance	*25*	7,935	5,949
Trade and other payables	*18*	1,044	891
Provision for rebate	*19*	287	1,301
Total current liabilities		9,458	8,348
Total liabilities		9,458	8,348
Net assets		**7,826**	**7,388**
Equity			
Share capital	*16*	1,000	1,000
Redeemable preference shares	*17*	8,023	7,457
Retained earnings		(1,197)	(1,069)
Total equity		**7,826**	**7,388**

The notes on pages 19 to 35 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 May 2013

In thousands of Australian dollars	*Note*	**2013**	**2012**
Revenue	*6*	35,682	27,189
Less rebates to members		(298)	(1,266)
Net revenue		35,384	25,923
Cost of sales	*7*	(33,178)	(24,393)
Gross profit		2,206	1,530
Sales and marketing		(69)	(70)
Administrative expenses		(533)	(821)
Other operating expenses		(1,683)	(1,570)
Results from operating activities before finance costs		(79)	(931)
Finance income	*9*	85	56
Finance expense	*9*	(150)	(392)
Net finance income / (expense)		(65)	(336)
Profit / (loss) before income tax		(144)	(1,267)
Income tax (expense) / benefit	*10*	16	356
Profit / (loss) for the year attributable to the equity holders		**(128)**	**(911)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		**(128)**	**(911)**

The notes on pages 19 to 35 are an integral part of these financial statements.

Statement of changes in equity

As at 31 May 2013

In thousands of Australian dollars	*Note*	**REDEEMABLE PREFERENCE SHARES**	**ORDINARY SHARES**	**RETAINED EARNINGS**	**TOTAL EQUITY**
Balance at 1 June 2011		-	1,000	(158)	842
Profit (loss) for the period		-	-	(911)	(911)
Redeemable preference shares reclassified		7,457	-	-	7,457
Other comprehensive income for the period		-	-	-	-
Balance at 31 May 2012		**7,457**	**1,000**	**(1,069)**	**7,388**
Balance at 1 June 2012		7,457	1,000	(1,069)	7,388
Profit (loss) for the period		-	-	(128)	(128)
Share capital issued	*17*	566	-	-	566
Other comprehensive income for the period		-	-	-	-
Balance at 31 May 2013		**8,023**	**1,000**	**(1,197)**	**7,826**

The notes on pages 19 to 35 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 May 2013

In thousands of Australian dollars	*Note*	**2013**	**2012**
Cash flows from operating activities			
Cash receipts from customers		36,471	27,878
Cash paid to suppliers and employees		(35,527)	(28,195)
Income tax paid		12	(61)
Net cash from (used in) operating activities	*24*	**956**	**(378)**
Cash flows from investing activities			
Acquisition of plant and equipment		(430)	(27)
Proceeds on disposal of plant and equipment		1	-
Net cash from (used in) investing activities		**(429)**	**(27)**
Cash flows from financing activities			
Interest received		85	56
Proceeds from issue of redeemable preference shares		626	1,241
Redemptions of redeemable preference shares		(75)	(33)
Interest paid		(150)	(392)
Rebate paid to shareholders		(1,312)	(1,627)
Net cash from (used in) financing activities		**(826)**	**(755)**
Net increase in cash and cash equivalents		(299)	(1,160)
Cash and cash equivalents at 1 June		457	1,617
Cash and cash equivalents at 31 May	*15*	**158**	**457**

The notes on pages 19 to 35 are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Ravensdown Fertiliser Australia Limited (the "Company") is a company domiciled in Australia, registered under the Australian Corporations Act 2001. The address of the Company's registered office is 2 Birksgate Road, Rous Head, North Fremantle, WA 6159.

Ravensdown Fertiliser Australia Limited is primarily involved in the supply of inputs and services to the agricultural sector.

2. Basis of preparation

(a) Statement of compliance

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

The accounting policies have been consistently applied by the company.

The financial statements were approved by the Board of Directors on 2 August 2013.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars ($), which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise noted.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASB's requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Going concern

The financial report has been prepared on a going concern basis. Cash flow from operations in the current year was positive however the advance from the ultimate parent increased to almost $8 million. The Company also has a capital commitment for the Townsville building purchase settlement of $3.2 million. The Board believe the entity's future cash flows will be sufficient to enable it to meet its current and future obligations as and when they fall due.

The ultimate parent company has provided a letter of support in relation to the loans and advances made. Ravensdown Fertiliser Co-operative will not call upon any balance outstanding unless the Company is in a financial position to make such repayments without prejudicing the ability of the Company to conduct its normal business operations including its capacity to pay its liabilities.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

(c) Financial instruments

(i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable

Notes to the financial statements *(continued)*

transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(l).

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Other than those classified as held-to-maturity all non-derivative financial assets are classified as loans and receivables. All non-derivative financial liabilities are classified as other amortised cost.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Trade and other payables

Trade and other payables are stated at cost.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(d) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount which is the cost of an asset or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss to allocate the cost or revalued amount of an asset, less any residual value, over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives and the depreciation methodology for the current period are as follows:

Mobile plant and motor vehicles	5 years	Diminishing value
Buildings	30 years	Straight line
Office equipment	2 - 10 years	Diminishing value

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(e) Leased assets

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leases that are not finance leases are classified as operating leases, refer to note 3(k).

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss, except to the extent they are used to offset a credit balance previously recognised directly in equity as a revaluation surplus. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements *(continued)*

(h) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(j) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of the revenue can be measured reliably.

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(l) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(m) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis.

(o) Rebate

Provisions for rebates to members are recognised when the obligations and the amounts of the distributions can be measured reliably. Rebates are calculated on the basis of the members patronage during the financial year. For financial reporting purposes, the rebates payable to members are treated as a reduction of revenue.

Rebates that are receivable from the ultimate parent company are recognised when the recovery of the consideration is probable and the amount of the revenue can be measured reliably. For financial reporting purposes the rebates from the ultimate parent company are treated as a reduction of cost of sales.

(p) New standards adopted and interpretations not yet adopted

The following new amendment is not yet effective for the year ended 31 May 2013, may impact the Company, and has not been applied in preparing these financial statements:

AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 9 will become mandatory for the Company's 31 May 2014 financial statements. Retrospective application is generally required, although there are exceptions. The Company has not yet determined the potential effect of the standard.

(q) Segment reporting

The Company determines and presents operating segments based on the information that is internally provided to the General Manager ("GM"), who is the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segments operating results are regularly reviewed by the Company's GM to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

4. Determination of fair values

A number of the Company'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. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date.

5. Financial instruments

Exposure to credit, interest rate, foreign currency, commodity price and liquidity risks arises in the normal course of the Company's business.

Credit risk

The Company's exposure to credit risk is mainly influenced by its customer base and banking counterparties. Management has a credit policy in place under which each new customer is rigorously analysed for credit worthiness. The Company's customer base is primarily concentrated in the agriculture sector. The risk is mitigated through most customers also being shareholders of the Company. There is no material exposure to an individual counterparty. Investments and derivatives are only made with reputable financial banks.

Liquidity risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Market risk

The Board re-evaluates risk policies on a regular basis. The risk management committee of the ultimate parent company also considers the risks applicable to subsidiaries.

Foreign currency risk

The Company is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the Company's functional currency, Australian dollars (AUD). As the Company purchases the majority of its inventory directly from its ultimate parent company in AUD, the Company's exposure to foreign currency risk is greatly reduced. Loans from the ultimate parent company are denominated in AUD.

Interest rate risk

The Company is not subjected directly to interest rate risk as it does not borrow directly from external counter parties. The Company incurs interest based on advances both to and from the ultimate parent company and is therefore subject to the ultimate parent company's treasury policy. The ultimate parent company enters into interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure in accordance with its treasury policy.

Notes to the financial statements *(continued)*

Commodity price risk
The Company is exposed to commodity price risk. This is partially mitigated through long term supply contracts negotiated by the ultimate parent company and through geographical diversity of suppliers.

Capital management
The Company's capital includes share capital, redeemable preference shares, and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the period.

Fair values
Carrying values approximate the fair values of all financial assets and liabilities.

6. Revenue

In thousands of Australian dollars	2013	2012
Sales of goods	35,615	27,041
Rental income	67	148
Revenue before rebate to members	**35,682**	**27,189**

7. Cost of sales

In thousands of Australian dollars	2013	2012
Cost of sales	27,159	20,891
Distribution costs	6,019	4,106
Rebate from ultimate parent company	-	(604)
Total cost of sales	**33,178**	**24,393**

8. Personnel expenses

In thousands of Australian dollars	2013	2012
Wages and salaries	939	901
Superannuation - defined contribution	73	34
Total personnel expenses	**1,012**	**935**

9. Finance income and expense

In thousands of Australian dollars	2013	2012
Interest income other	85	56
Finance income	85	56
Interest to ultimate parent	(150)	(392)
Finance expense	(150)	(392)
Net finance income / (expense)	**(65)**	**(336)**

10. Income tax expense in the income statement

In thousands of Australian dollars	2013	2012
Current tax expense		
Current period	(157)	(347)
Deferred tax expense		
Origination and reversal of temporary differences	120	(30)
Adjustment for prior periods	21	21
Total income tax expense (benefit)	**(16)**	**(356)**

Numerical reconciliation between tax expense and pre-tax net profit

In thousands of Australian dollars	2013	2012
Loss for the period	(128)	(912)
Total income tax benefit	(16)	(356)
Loss excluding income tax	(144)	(1,268)
Income tax using the Company's domestic tax rate of 30%	(43)	(380)
Non-deductible expenses	6	3
Under provided in prior periods	21	21
Total income tax benefit	**(16)**	**(356)**

Notes to the financial statements *(continued)*

11. Property, plant and equipment

In thousands of Australian dollars	PLANT, MACHINERY AND VEHICLES	BUILDING	CAPITAL WORKS IN PROGRESS	TOTAL
Cost or valuation				
Balance at 1 June 2011	407	4,820	-	5,227
Additions	27	-	-	27
Disposals	-	-	-	-
Transfer from capital work in progress	-	-	-	-
Balance at 31 May 2012	**434**	**4,820**	**-**	**5,254**
Balance at 1 June 2012	434	4,820	-	5,254
Additions	17	-	412	429
Disposals	-	-	-	-
Transfer from capital work in progress	-	-	-	-
Balance at 31 May 2013	**451**	**4,820**	**412**	**5,683**
Depreciation and disposals				
Balance at 1 June 2011	54	13	-	67
Depreciation for the year	49	161	-	210
Disposals	-	-	-	-
Balance at 31 May 2012	**103**	**174**	**-**	**277**
Balance at 1 June 2012	103	174	-	277
Depreciation for the year	45	161	-	206
Disposals	-	-	-	-
Balance at 31 May 2013	**148**	**335**	**-**	**483**
Carrying amounts				
At 1 June 2011	353	4,807	-	5,160
At 31 May 2012	**331**	**4,646**	**-**	**4,977**
At 1 June 2012	331	4,646	-	4,977
At 31 May 2013	**303**	**4,485**	**412**	**5,200**

12. Tax assets and liabilities

Current tax assets and liabilities

The company operates in one tax jurisdiction. The current tax asset for the company of nil represents the net amount of income taxes receivable from the relevant tax authority (2012 asset: $33,683).

Unrecognised deferred tax assets and liabilities

The Company does not have any unrecognised deferred tax assets or liabilities.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
In thousands of Australian dollars	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Provisions	102	404	-	-	102	404
Rebate receivable	-	-	-	(182)	-	(182)
Reclassification from current tax (carried forward tax losses)	963	806	-	-	963	806
	1,065	**1,210**	**-**	**(182)**	**1,065**	**1,028**

Movement in temporary differences during the year

In thousands of Australian dollars	PROVISIONS	REBATE RECEIVABLE	TOTAL
Balance 1 June 11	871	(225)	646
Recognised in profit or loss	(13)	43	30
Reclassification from current tax (carried forward tax losses)	352	-	352
Balance 31 May 12	**1,210**	**(182)**	**1,028**
Balance 1 June 12	1,210	(182)	1,028
Recognised in profit or loss	(302)	182	(120)
Reclassification from current tax (carried forward tax losses)	157	-	157
Balance 31 May 13	**1,065**	**-**	**1,065**

Notes to the financial statements *(continued)*

13. Inventories

In thousands of Australian dollars	2013	2012
Finished goods at cost	9,608	7,856
	9,608	**7,856**

14. Trade and other receivables

In thousands of Australian dollars	2013	2012
Trade receivables net of provision of $1,197 (2012: $15,353)	902	877
Other receivables	306	428
	1,208	**1,305**

15. Cash and cash equivalents

In thousands of Australian dollars	2013	2012
Call deposit	139	321
Bank balances	19	136
Cash and cash equivalents in statement of cash flows	**158**	**457**

16. Share capital

The Company issued no new ordinary shares to Ravensdown Australia Holdings Limited which is a wholly owned subsidiary of Ravensdown Fertiliser Co-operative Limited (31 May 2012: $0 issued). As at 31 May 2013, there were 1,000 ordinary shares issued at $1,000 per share (31 May 2012: 1,000 shares).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. Redeemable preference shares

In thousands of Australian dollars	2013	2012
On issue at 1 June	7,457	6,128
Q Class shares allotted during the year	-	1,361
R Class shares allotted during the year	641	1
Less shares redeemed during the year	(75)	(33)
On issue at 31 May	**8,023**	**7,457**

In the prior year, the Board and Shareholders approved amendments to the rights attaching to Q Class redeemable preference share. This allowed the introduction of a new R Class redeemable preference shares. The new R Class redeemable preference shares rank equally with the Q Class redeemable preference shares except for the Founding Member Rebate which is only applicable to Q Class.

Both the Q Class and R Class redeemable preference shares are classified as equity because holders of these shares can under certain circumstances request that Ravensdown Fertiliser Australia Limited redeem any or all of its shares, but the final decision on redemption is solely at the discretion of the Board.

The holders of redeemable preference shares are not entitled to receive dividends but are entitled to receive rebates. Redeemable preference shares do not carry the right to vote. Preference shares rank ahead of ordinary shares but participate only to the extent of the face value of the shares. The shares are fully paid.

During the year ended 31 May 2013, $641,055 of R Class redeemable preference shares were issued with a nominal value of one Australian dollar per share (2012: $1,300). There were no Q Class redeemable preference shares issued (2012: 1,360,831).

Members deposits of $191,534 (2012: $206,534) represent monies received by both existing and prospective members awaiting allotment at balance date.

18. Trade and other payables

In thousands of Australian dollars	2013	2012
Trade payables	554	453
Employee entitlements	151	168
Other payables	339	270
	1,044	**891**

19. Provision for rebate

In thousands of Australian dollars	2013	2012
Balance at 1 June	1,301	1,662
Rebate paid out to shareholders	(1,312)	(1,627)
Rebate provided for during period	298	1,301
Other movements	-	(35)
Balance at 31 May	**287**	**1,301**

Provisions for rebates are recognised when the obligations and the amounts of the distributions can be measured reliably. In the current year, profitability of the Ravensdown group was impacted by climatic events in New Zealand as well as a decision to exit its West Australian business. Only the Foundation Member Rebates will be paid for the 2012-13 financial year.

Notes to the financial statements *(continued)*

20. Financial Instruments

(a) Credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

		CARRYING AMOUNT	
In thousands of Australian dollars	*Note*	**2013**	**2012**
Ultimate parent receivable	*25*	-	54
Trade and other receivables	*14*	1,208	1,305
Cash and cash equivalents	*15*	158	457
		1,366	**1,816**

The Company has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The status of trade receivables at the reporting date is as follows:

	GROSS RECEIVABLE		IMPAIRMENT	
In thousands of Australian dollars	**2013**	**2012**	**2013**	**2012**
Trade receivables				
Not past due	271	409	-	-
Past due 1 - 30 days	225	102	-	-
Past due more than 30 days	407	382	1	15
Total	**903**	**893**	**1**	**15**

(b) Liquidity risk

The following table sets out the contractual maturities for all financial liabilities.

	2013					
In thousands of Australian dollars	CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS	ON CALL
Non-derivative financial liabilities						
Ultimate parent payable	7,935	7,935	7,935	-	-	-
Trade and other payables	1,044	1,044	1,044	-	-	-
	8,979	**8,979**	**8,979**	**-**	**-**	**-**

	2012					
In thousands of Australian dollars	CARRYING VALUE	CONTRACTUAL CASH FLOWS	0-3 MONTHS	3-12 MONTHS	1-3 YEARS	ON CALL
Non-derivative financial liabilities						
Ultimate parent payable	5,949	5,949	5,949	-	-	-
Trade and other payables	891	891	891	-	-	-
	6,840	**6,840**	**6,840**	**-**	**-**	**-**

(c) Foreign currency exchange risk

The Company had no significant exposure to foreign currency risk at 31 May 2013.

(d) Interest rate risk

Cashflow Sensitivity

At 31 May 2013 it is estimated that a general increase of one percentage point in interest rates would decrease the Company's loss before income tax by approximately $50,000 (2012: $90,000). A decrease of one percentage point would increase the Company's loss before income tax by the same amount.

Fair value Sensitivity

The Company had no fair value exposure to interest rates at 31 May 2013.

(e) Fair values

Fair values versus carrying amounts

Carrying values approximate the fair values of all financial assets and liabilities. The basis for determining fair values is disclosed in Note 4. Cash and cash equivalents are held with major trading banks with a minimum credit rating of AA-.

Notes to the financial statements *(continued)*

21. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of Australian dollars	2013	2012
Less than one year	752	363
Between one and five years	701	420
More than five years	1,784	1,889
Total lease commitments	**3,237**	**2,672**

The Company leases motor vehicles and premises.

22. Capital commitments

Ravensdown Fertiliser Australia Limited entered into a contract in 2011 for the purchase of a building in Townsville in the amount of $3.2 million. As at 31 May 2013 the amount has been disclosed as a capital commitment as the final conditions for the sale are still to be acted upon, the amount has not been settled and the title has not passed.

23. Contingencies

Ravensdown Fertiliser Australia Limited, as a member of the Ravensdown Group, is a guarantor under a revolving credit facility provided by a syndicate of banks to Ravensdown Co-operative. The actual amount drawn down varies from time to time. Ravensdown Fertiliser Australia Limited's maximum exposure as a guarantor is limited to the total equity in the Company.

There is a risk that Ravensdown Fertiliser Australia Limited may be called upon to make a payment under this guarantee, although the Board believe that this is improbable.

24. Reconciliation of cash flows from operating activities

In thousands of Australian dollars	2013	2012
Profit (loss) for the year attributable to the equity holders	(128)	(911)
Adjustments for:		
Items classified as financing activities		
Rebates to shareholders	298	1,266
Interest received	(85)	(56)
Interest paid	150	392
	235	691
Adjustments for:		
Depreciation and loss (gain) on disposals	206	210
Decrease (increase) in deferred tax assets	(37)	(382)
(Increase) decrease in inventories	(1,752)	(4,420)
(Increase) decrease in trade and other receivables	97	646
(Increase) decrease in prepayments	(20)	38
(Increase) decrease in ultimate parent receivable	54	142
(Increase) decrease in tax refund due	34	(34)
Increase (decrease) in ultimate parent payable	1,986	2,617
Increase (decrease) in trade and other payables	153	114
Net cash from operating activities	**956**	**(378)**

In the year ended 31 May 2013, there were no redeemable preference shares issued in lieu of a cash rebate (2012: $nil).

Notes to the financial statements *(continued)*

25. Related parties

Ravensdown Fertiliser Australia Limited is a subsidiary of Ravensdown Australia Holdings Limited. Ravensdown Australia Holdings Limited is a subsidiary of Ravensdown Fertiliser Co-operative Limited, a company incorporated in New Zealand.

The company transacts with Ravensdown Fertiliser Co-operative Limited in terms of receiving management services and purchasing fertiliser.

In thousands of Australian dollars	2013	2012
Transactions with parent		
Total purchases for the year	24,045	24,295
Closing receivables	-	54
Total ultimate parent receivable	**-**	**54**
Closing loans	(4,963)	(2,367)
Closing payables	(2,972)	(4,186)
Rebate from ultimate parent company	-	604
Total ultimate parent advance	**(7,935)**	**(5,949)**

Loans outstanding between the Company and its ultimate parent (Ravensdown Fertiliser Cooperative Limited) are repayable upon demand, are interest bearing and unsecured. At 31 May 2013 the interest rate was 3.92% (2012: 5.4%).

The ultimate parent company holds a 50% shareholding in Direct Farm Inputs Pty Limited. Ravensdown Fertiliser Australia Limited sells fertiliser to this entity. Subsequent to year-end, the ultimate parent company is looking to sell this 50% shareholding.

In thousands of Australian dollars	2013	2012
Transactions with Other Related Parties		
Total sales for the year to Direct Farm Inputs Pty Limited	78	164
Closing receivables	-	2

Transactions with key management personnel (including directors)

	TRANSACTION VALUE		OUTSTANDING VALUE	
In Australian dollars	2013	2012	2013	2012
Sale of Product				
Alf Cristaudo	18,956	14,301	-	-

Key management personnel compensation comprised:

Australian dollars	2013	2012
Short-term employee benefits	238,508	239,325
Superannuation contributions	17,413	17,040
	255,921	**256,365**

All transactions with related parties are priced on an arm's length basis.

A non cash benefit of a motor vehicle is also provided to a member of the management team. This is not included in the above remuneration figures.

26. Segment reporting

The Company supplies fertiliser and related inputs to the agricultural sector in Queensland which is the basis for its one reportable operating segment. This is reflected in how the business is managed and in the management structure responsible for the key resource allocation decisions and performance assessment.

Performance is measured based on profit before rebates and income tax, as included in the internal management reports that are reviewed by the General Manager. Profit before rebates and income tax is used to measure performance as management believes that such information is the most relevant in evaluating results relative to other entities that operate within the industry. The results, assets and liabilities are stated in the income statement and balance sheet.

In thousands of Australian dollars	2013	2012
Total comprehensive income (loss) for the period	(128)	(911)
Add: taxation	(16)	(356)
Add: rebates payable	298	1,266
Less: rebates receivable	-	(604)
Net profit before rebates and income tax	**154**	**(605)**

27. Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial report to 31 May 2013.

28. Auditors' remuneration

In thousands of Australian dollars	2013	2012
Auditor's remuneration to KPMG comprises:		
Audit and review of financial statements	52	56
Other fees	-	14
Total auditor's remuneration	**52**	**70**

Independent Auditor's Report

Independent auditor's report to the members of Ravensdown Fertilisers Australia Limited

Report on the financial report

We have audited the accompanying financial report of Ravensdown Fertilisers Australia Limited (the Company), which comprises the statement of financial position as at 31 May 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ravensdown Fertilisers Australia Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Company's financial position as at 31 May 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 May 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Ravensdown Fertilisers Australia Limited for the year ended 31 May 2013, complies with Section 300A of the *Corporations Act 2001.*

KPMG

Grant Robinson
Partner

Perth, 2 August 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Ravensdown Fertiliser Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 May 2013 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

Grant Robinson
Partner

Perth, 2 August 2013

Ravensdown
Fertiliser Australia

1800 624 122
www.ravensdown.com.au