Ravensdown
Fertiliser Australia

ANNUAL REPORT 2014

CHAIRMAN'S REPORT

A YEAR OF TOUGH DECISIONS AND DISAPPOINTMENT

This was a year of tough decisions and I'd like to start this annual report by saying that the board appreciates that its customers and redeemable preference shareholders were very disappointed that Ravensdown Fertiliser Australia (RFA) ceased trading on 15 May 2014.

As I explained to shareholders in my letter of 31 October 2014, the board did not take this decision lightly and undertook a thorough review of the company's performance before announcing its decision to cease trading and pursue an orderly sale of its assets.

RFA was again facing a significant loss for the financial year ending 31 May 2014 and the risk of value erosion into the next financial year and beyond was deemed to be too high. At the time of the decision, it was inevitable that RFA would make a trading loss of over $1.9 million by year end. This was prior to any consideration as to whether a rebate would be paid.

Rather than plough on regardless and risk ongoing erosion of value, the decision was made to cease trading ahead of the busy buying season to give growers time to find an alternative fertiliser supplier.

Since that decision the priority has been to secure an orderly sale of RFA's assets in order to pay back debt and return any surplus funds to redeemable preference shareholders. By way of an update, all fertiliser stocks have now been sold, all nine staff have ceased employment with RFA and almost all plant and equipment has been sold.

The Townsville store and the blending and bagging plant which it contains is still for sale, and is currently listed with Colliers. The Townsville store has been leased on a short-term basis and is storing sugar.

With the Townsville store unsold, the Board is not yet in a position to return any surplus funds to holders of redeemable preference shares.

There is still interest in the Townsville Store and, at this point, we still believe a sale is possible before the end of the financial year; 31 May 2015.

The 2013-14 annual accounts show a loss of $6.24 million. The increase in losses over and above the $1.9 million trading loss is due to a number of adjustments associated with the business wind down. These include staff redundancies, and a $1.1 million reversal of accumulated tax losses which will not be available for use. There is impairment on fertiliser stock of $0.8 million. Due to the Townsville store remaining unsold despite active engagement with numerous parties, a conservative view was taken and this asset was also impaired.

Greg Campbell
Chairman Ravensdown Fertiliser Australia

2014 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 2014 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 2014.

Signed in accordance with a resolution of the directors:

G S Campbell
Director

S M Connolly
Director

3 November 2014

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2014

The directors present their report together with the financial report of Ravensdown Fertiliser Australia Limited ("the Company") for the year ended 31 May 2014 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 was the Chairman of Ravensdown Fertiliser Co-operative Limited.
William McLeod was appointed a director on 2 June 2009. He resigned on 19 March 2014.
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 Australia.
Greg Campbell was appointed a director on 1 January 2013 and Chairman on 16 April 2013.
Other directorships and memberships: Director – Ecocentral Limited; Director of various subsidiaries and affiliates of Ravensdown Co-operative.

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 Chartered Accountants Australia and New Zealand; 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: Director – CANEGROWERS Superannuation Pty Ltd; Director – Austsafe Pty Ltd; Director – Australian Made Campaign Ltd (AMCL).

Paul Schembri
Paul Schembri is a cane grower from Mackay, Queensland. He is the Chairman of CANEGROWERS.
Paul Schembri was appointed a director on 2 August 2013.
Other directorships and memberships include: Chairman – Queensland Cane Growers Organisation Ltd (CANEGROWERS); Chairman – Australian Cane Growers Council Ltd; Chairman – CANEGROWERS Financial Services Pty Ltd; Director – CANEGROWERS Superannuation Pty Ltd; Director – Mackay CANEGROWERS Ltd; Deputy Chairman – Australian Sugar Industry Alliance Ltd.

COMPANY SECRETARIES
Bruce Keenan
Bruce Keenan is the Sales and Business Development Manager of Ravensdown Fertiliser Australia.
Bruce Keenan was appointed as the Australia based Company Secretary on 8 April 2014.

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. He resigned as General Manager and Company secretary on 14 February 2014.

DIRECTOR	BOARD MEETINGS HELD DURING TIME DIRECTOR HELD OFFICE	BOARD MEETINGS ATTENDED
William McLeod	4	4
Greg Campbell	6	6
Sean Connolly	6	5
Alf Cristaudo	6	6
Paul Schembri	6	6

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. In 2013 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 was no incentive bonus paid to the General Manager in the current year. There has been no remuneration consisting of options.

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 three financial years since the Company's inception.

In thousands of Australian Dollars	2014	2013	2012	2011
Revenue before rebates to members	44,445	35,682	27,189	26,336
(Loss) / profit attributable to equity holders before rebates payable to members	(6,236)	170	355	912
Rebates to members	-	(298)	(1,266)	(1,678)
Loss attributable to equity holders of the company	(6,236)	(128)	(911)	(766)

KEY MANAGEMENT PERSONNEL

Name	Position
Greg Campbell	Chairman
William McLeod	Former Director (resigned 19 March 2014)
Sean Connolly	Director
Alf Cristaudo	Director
Paul Schembri	Director
Bruce Keenan	Company Secretary (appointed 8 April 2014)
Alan Thomson	Former General Manager and Company Secretary (resigned 14 February 2014)

Key management personnel compensation comprised:

2014					
In Australian dollars	SALARY & FEES	SUPERANNUATION CONTRIBUTIONS	NON-MONETARY BENEFITS	BONUS	TOTAL $
Directors					
William McLeod *	12,500	-	-	-	12,500
Alf Cristaudo	13,764	1,236	-	-	15,000
Paul Schembri (CANEGROWERS)	11,396	1,023	-	-	12,419
General Manager					
Alan Thomson	161,044	8,887	-	-	169,931
Total					**209,850**

* William McLeod resigned on 19 March 2014

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 (CANEGROWERS) *	15,000	-	-	-	15,000
General Manager					
Alan Thomson	179,744	16,177	7,500	15,000	218,421
Total					**263,421**

Greg Campbell and Sean Connolly as executives of the ultimate parent company are not compensated for their directorship of the Company.
Paul Schembri's remuneration as director is paid directly to CANEGROWERS.
The General Manager was employed under a general employment agreement. There were no termination clauses in the agreement.
* Steve Greenwood resigned on 22 April 2013.

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
With the difficult trading conditions resulting in a loss, and the prospect of potential for further losses in 2014-15, the Board made the decision on 14 May 2014 to protect shareholders from further value erosion by ceasing trading and commencing a planned orderly wind down of the operation. The 31 May 2014 loss recognises this decision by providing for derecognition of a deferred tax asset relating to tax losses, adjustment for the sale value of stock held at net realisable value, impairment of buildings to fair value, and redundancy costs. Stocks are being sold and the assets of the company are currently for sale.

KEY FINANCIAL FIGURES

In thousands of Australian dollars	2014	2013
Revenue	44,445	35,682
Redeemable preference shares	7,836	8,023
Rebates to members	-	298
Results from operating activities before finance cost and taxes	(4,773)	(79)

ENVIRONMENTAL REGULATIONS
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
The 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 the R Class redeemable preference shares are classified as equity because holders of these shares can under certain circumstances request that Ravensdown Fertiliser Australia redeem any or all of its shares, but the final decision on redemption is solely at the discretion of the Board.
Notwithstanding the decision for an orderly wind down of the operation and of an intention to redeem the redeemable preference shares no Board resolution has occurred to redeem at this date.

CAPITAL COMMITMENTS
There are no capital commitments entered into as at 31 May 2014.

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.

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

DIRECTORS	REDEEMABLE PREFERENCE SHARES	
	2014	2013
Greg Campbell	-	-
William McLeod	-	-
Sean Connolly	-	-
Alf Cristaudo	4,334	4,334
Alan Thomson	-	-
Paul Schembri	4,487	-

No director holds ordinary shares or share options in 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 2014. 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 2015. 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 21 and forms part of the directors' report for the year ended 31 May 2014.

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

3 November 2014

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MAY 2014

In thousands of Australian dollars	*Note*	**2014**	**2013**
Assets			
Property, plant and equipment	*11*	-	5,200
Deferred tax assets	*13*	-	1,065
Total non-current assets		-	6,265
Assets held for sale	*12*	7,716	-
Inventories	*14*	3,640	9,608
Trade and other receivables	*15*	1,520	1,208
Prepayments		58	45
Cash and cash equivalents	*16*	169	158
Total current assets		13,103	11,019
Total assets		13,103	17,284
Liabilities			
Member deposits	*18*	192	192
Trade and other payables	*19*	680	1,044
Provision for rebate	*20*	-	287
Ultimate parent advance	*26*	10,828	7,935
Total current liabilities		11,700	9,458
Total liabilities		11,700	9,458
Net assets		**1,403**	**7,826**
Equity			
Share capital	*17*	1,000	1,000
Redeemable preference shares	*18*	7,836	8,023
Accumulated losses		(7,433)	(1,197)
Total equity		**1,403**	**7,826**

The notes on pages 10 to 19 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2014

In thousands of Australian dollars	*Note*	**2014**	**2013**
Revenue	*6*	44,445	35,682
Less rebates to members		-	(298)
Net revenue		44,445	35,384
Cost of sales	*7*	(43,992)	(33,178)
Gross profit		453	2,206
Sales and marketing		(56)	(69)
Administrative expenses		(720)	(533)
Other operating expenses		(4,450)	(1,683)
Results from operating activities before finance costs		(4,773)	(79)
Finance income	*9*	102	85
Finance expenses	*9*	(183)	(150)
Net finance expenses		(81)	(65)
Loss before income tax		(4,854)	(144)
Income tax (expense) / benefit	*10*	(1,382)	16
Loss for the year attributable to the equity holders		**(6,236)**	**(128)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(6,236)**	**(128)**

The notes on pages 10 to 19 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2014

In thousands of Australian dollars	*Note*	ORDINARY SHARES	REDEEMABLE PREFERENCE SHARES	ACCUMULATED LOSSES	TOTAL EQUITY
Balance as at 1 June 2012		1,000	7,457	(1,069)	7,388
Loss for the period		-	-	(128)	(128)
Share capital issued		-	566	-	566
Other comprehensive income for the period		-	-	-	-
Balance as at 31 May 2013		**1,000**	**8,023**	**(1,197)**	**7,826**
Balance as at 1 June 2013		1,000	8,023	(1,197)	7,826
Loss for the period		-	-	(6,236)	(6,236)
Share capital redemption	*18*	-	(187)	-	(187)
Other comprehensive income for the period		-	-	-	-
Balance as at 31 May 2014		**1,000**	**7,836**	**(7,433)**	**1,403**

The notes on pages 10 to 19 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2014

In thousands of Australian dollars	*Note*	**2014**	**2013**
Cash flows from operating activities			
Cash receipts from customers		48,309	36,471
Cash paid to suppliers and employees		(42,739)	(35,527)
Income tax paid		(316)	12
Net cash from operating activities	*25*	**5,254**	**956**
Cash flows from investing activities			
Acquisition of plant and equipment		(4,699)	(430)
Proceeds on disposal of plant and equipment		11	1
Net cash used in investing activities		**(4,688)**	**(429)**
Cash flows from financing activities			
Interest received		102	85
Proceeds from issue of redeemable preference shares		-	626
Redemption of redeemable preference shares		(187)	(75)
Interest paid		(183)	(150)
Rebate paid to shareholders		(287)	(1,312)
Net cash used in financing activities		**(555)**	**(826)**
Net increase in cash and cash equivalents		11	(299)
Cash and cash equivalents at 1 June		158	457
Cash and cash equivalents at 31 May	*16*	169	158

The notes on pages 10 to 19 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 Level 5, CANEGROWERS Building, 190 Edward Street, Brisbane, QLD 4000. 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 3 November 2014.

(b) Going concern

In May 2014 the Directors announced the planned orderly wind down of the Company's operations and sale of its assets. As at balance date the assets of the business are available for sale with expressions of interest currently being sought.

Notwithstanding this, these financial statements have been prepared on a going concern basis as no decision has yet been taken to liquidate the Company. The directors believe this to be appropriate and have prepared a cash flow forecast for the 12 month period subsequent to the date of these financial statements. The cash flow forecast takes into account sufficient cash reserves being available for at least the next 12 months subsequent to the date of the financial statements.

In addition, Ravensdown Fertiliser Co-operative Limited (the ultimate holding company) has provided an undertaking not to call upon any balance outstanding during the 12 month period after the Board of the Company signs the financial statements unless, following the sale of the Company's assets during that period, the Company is in a financial position to make such repayments.

(c) Basis of measurement

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

In May 2014 the Directors announced the planned orderly wind down of the Company. As at balance date the assets of the business are available for sale with expressions of interest currently being sought.

(d) 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.

(e) 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) 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 end of the reporting period. 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.

(b) 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 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(k).

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.

(c) Non-current assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale.
Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

(d) 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(j).

(e) Inventories
Inventories have historically been measured at the lower of cost and net realisable value. As a result of the planned orderly wind down of the Company, inventories have been written down to their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) New standards adopted and interpretations not yet adopted

The following new amendment is not yet effective for the year ended 31 May 2014, 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 2015 financial statements. Retrospective application is generally required, although there are exceptions. The Company has not yet determined the potential effect of the standard.

(p) 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.

Fair value hierarchy

The Company has financial instruments carried at fair value. The following hierarchy defines the valuation method used to value these instruments.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial instruments carried at fair value are defined as level 2 for valuation purposes for 2014 and 2013.

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.

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 accumulated deficit. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

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

6. Revenue

In thousands of Australian dollars	2014	2013
Sale of goods	44,413	35,615
Rental income	32	67
Revenue before rebate to members	**44,445**	**35,682**

7. Cost of sales

In thousands of Australian dollars	2014	2013
Cost of sales	36,132	27,159
Distribution costs	7,860	6,019
Total cost of sales	**43,992**	**33,178**

8. Personnel expenses

In thousands of Australian dollars	2014	2013
Wages and salaries	1,184	939
Superannuation – defined contribution	84	73
Contractual termination benefits	193	-
Total personnel expenses	**1,461**	**1,012**

9. Finance income and expense

In thousands of Australian dollars	2014	2013
Interest income other	102	85
Finance income	102	85
Interest to ultimate parent	(183)	(150)
Finance expense	(183)	(150)
Net finance income / (expense)	**(81)**	**(65)**

10. Income tax expense in the income statement

In thousands of Australian dollars	2014	2013
Current tax expense		
Current period	1,382	(157)
Deferred tax expense		
Origination and reversal of temporary differences	-	120
Adjustment for prior periods	-	21
Total income tax expense / (benefit)	**1,382**	**(16)**

Numerical reconciliation between tax expense and pre-tax profit

In thousands of Australian dollars	2014	2013
Loss for the period	(6,236)	(128)
Total income tax expense / (benefit)	1,382	(16)
Loss excluding income tax	(4,854)	(144)
Income tax using the Company's domestic tax rate of 30%	(1,456)	(43)
Benefit of tax loss not recognised	1,456	6
Derecognition of previously recognised tax losses	1,382	-
Under provided in prior periods	-	21
Total income tax (benefit) / expense	**1,382**	**(16)**

11. Property, plant and equipment

In thousands of Australian dollars	Plant, Machinery, Equipment	Building	Capital works in progress	Total
Cost or valuation				
Balance at 1 June 2012	434	4,820	-	5,254
Additions	17	-	412	429
Balance at 31 May 2013	**451**	**4,820**	**412**	**5,683**
Balance at 1 June 2013	451	4,820	412	5,683
Additions	1,385	3,314	-	4,699
Disposals	(30)	-	-	(30)
Impairment *	-	(2,384)	-	(2,384)
Transfer from capital work in progress	412	-	(412)	-
Reclassification to assets held for sale	(2,218)	(5,750)	-	(7,968)
Balance at 31 May 2014	**-**	**-**	**-**	
Depreciation and disposals				
Balance at 1 June 2012	103	174	-	277
Depreciation for the year	45	161	-	206
Balance at 31 May 2013	**148**	**335**	**-**	**483**
Balance at 1 June 2013	148	335	-	483
Depreciation for the year	122	179	-	301
Disposals	(18)	-	-	(18)
Impairment *	-	(514)	-	(514)
Reclassification to assets held for sale	(252)	-	-	(252)
Balance at 31 May 2014	**-**	**-**	**-**	**-**
Carrying amounts				
At 1 June 2012	331	4,646	-	4,977
At 31 May 2013	**303**	**4,485**	**412**	**5,200**
At 1 June 2013	303	4,485	412	5,200
At 31 May 2014	**-**	**-**	**-**	**-**

* Buildings were independently valued as at 31 May 2014 by Geoff Pyman of Aon Global Risk Consulting. The buildings were valued at fair value which is the market value of the lessee's interest. Impairment is recorded in other operating expenses in the profit and loss.

12. Assets held for sale

Assets classified as held for sale:

In thousands of Australian dollars	2014	2013
Property, plant and equipment	7,716	-
	7,716	**-**

13. 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 (2013 asset: nil).

Unrecognised deferred tax assets and liabilities

As at 31 May 2014 a deferred tax asset of $1.1 million (2013: nil) was derecognised. The Company would be unable to utilise the future tax benefits following the planned orderly wind down.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
In thousands of Australian dollars	2014	2013	2014	2013	2014	2013
Provisions	-	102	-	-	-	102
Reclassification from current tax (carried forward tax losses)	-	963	-	-	-	963
	-	**1,065**	**-**	**-**	**-**	**1,065**

Movement in temporary differences during the year

In thousands of Australian dollars	Provisions	Rebate receivable	Total
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**
Balance 1 June 13	1,065	-	1,065
Recognised in profit or loss	(1,065)	-	(1,065)
Reclassification from current tax (carried forward tax losses)	-	-	-
Balance 31 May 14	**-**	**-**	**-**

14. Inventories

In thousands of Australian dollars	2014	2013
Finished goods at net realisable value	3,640	9,608
	3,640	**9,608**

At May 2014 following the Board's announcement of a planned orderly wind down a sales process was put in place to realise the inventory on hand. Accordingly the inventory was impaired by $740,000 which reflects the expected realisable value of the inventory at balance date. The impairment write down was included in cost of sales.

15. Trade and other receivables

In thousands of Australian dollars	2014	2013
Trade receivables net of provision of $266,644 (2013: $1,197)	1,287	902
Other receivables	233	306
	1,520	**1,208**

16. Cash and cash equivalents

In thousands of Australian dollars	2014	2013
Call deposit	149	139
Bank balances	20	19
Cash and cash equivalents in statement of cash flows	**169**	**158**

17. 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 2013: nil issued). As at 31 May 2014, there were 1,000 ordinary shares issued at $1,000 per share (31 May 2013: 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 ordinary shares rank equally with regard to the Company's residual assets.

18. Redeemable preference shares

In thousands of Australian dollars	2014	2013
On issue at 1 June	8,023	7,457
Q Class shares allotted during the year	-	-
R Class shares allotted during the year	-	641
Less shares redeemed during the year	(187)	(75)
On issue at 31 May	**7,836**	**8,023**

As at 31 May 2014 7,835,868 redeemable preference shares were fully paid to the value of one Australian dollar each (2013: 8,022,985).

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 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.

The 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.

During the year ended 31 May 2014 no R Class redeemable preference shares were issued (2013: 641,055) and the were no Q Class redeemable preference shares issued (2013: nil).

Members deposits of $192,334 (2013: $191,534) represent monies received by both existing and prospective members awaiting allotment at balance date.

19. Trade and other payables

In thousands of Australian dollars	2014	2013
Trade payables	431	554
Employee entitlements	141	151
Other payables	108	339
	680	**1,044**

20. Provisions for rebate

In thousands of Australian dollars	2014	2013
Balance at 1 June	287	1,301
Rebate paid out to shareholders	(287)	(1,312)
Rebate provided for during period	-	298
Balance as at 31 May	**-**	**287**

Provisions for rebates are recognised when the obligations and the amounts of the distributions can be measured reliably.

In the current year no Foundation Member rebates are planned as any rebate would have the effect of eroding shareholder equity following the Board decision to commence the planned orderly wind down of the operation.

21. 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**	**2014**	**2013**
Trade and other receivables	*15*	1,520	1,208
Cash and cash equivalents	*16*	169	158
		1,689	**1,366**

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	**2014**	**2013**	**2014**	**2013**
Trade receivables				
Not past due	867	271	-	-
Past due 1-30 days	133	225	-	-
Past due more than 30 days	554	407	267	1
	1,554	**903**	**267**	**1**

(b) Liquidity risk

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

2014

Non-derivative financial liabilities

In thousands of Australian dollars	Carrying value	Contractual cash flows	0-3 months	3-12 mths	1-3 yrs	On call
Ultimate parent payable (i)	10,828	10,828	10,828	-	-	-
Trade and other payables	680	680	680	-	-	-
	11,508	**11,508**	**11,508**	**-**	**-**	**-**

2013

Non derivative financial liabilities

In thousands of Australian dollars	Carrying value	Contractual cash flows	0-3 months	3-12 mths	1-3 yrs	On call
Ultimate parent payable (i)	7,935	7,935	7,935	-	-	-
Trade and other payables	1,044	1,044	1,044	-	-	-
	8,979	**8,979**	**8,979**	**-**	**-**	**-**

(i) Refer to note 2 (b) of the fact that the parent entity loan will not be called to the detriment of the company.

(c) Foreign currency exchange risk

The Company had no significant exposure to foreign currency risk at 31 May 2014.

(d) Interest rate risk

Cash flow Sensitivity

At 31 May 2014 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 $70,000 (2013: $50,000). 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 2014.

(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-.

22. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of Australian dollars	**2014**	**2013**
Less than one year	424	752
Between one and five years	694	701
More than five years	3,617	1,784
Total lease commitments	**4,735**	**3,237**

The Company leases land at its Townsville store. Management considers that the land leases will be assigned upon completion of the Townsville store sale.

23. Capital commitments

There are no capital commitments entered into as at 31 May 2014.

24. Contingencies

Ravensdown Australia, 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 Australia's maximum exposure as a guarantor is limited to the total equity in the Company.

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

25. Reconciliation of cash flows from operating activities

In thousands of Australian dollars	2014	2013
Loss for the year attributable to the equity holders	(6,236)	(128)
Adjustments for:		
Items classified as financing activities		
Rebates to shareholders	-	298
Interest received	(102)	(85)
Interest paid	183	150
	(6,155)	235
Adjustments for:		
Depreciation and loss (gain) on disposals	301	206
Impairment of fixed assets	1,871	-
Decrease (increase) in deferred tax assets	1,065	(37)
(Increase) decrease in inventories	5,968	(1,752)
(Increase) decrease in trade and other receivables	(313)	97
(Increase) decrease in prepayments	(13)	(20)
(Increase) decrease in ultimate parent receivable	-	54
(Increase) decrease in tax refund due	-	34
Increase (decrease) in ultimate parent payable	2,894	1,986
Increase (decrease) in trade and other payables	(364)	153
Net cash from operating activities	**5,254**	**956**

In the year ended 31 May 2014, there were no redeemable preference shares issued in lieu of a cash rebate (2013: nil).

26. 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.

Transactions with parent

In thousands of Australian dollars	2014	2013
Total purchase for the year	19,792	24,045
Closing receivables	-	-
Total ultimate parent receivable	-	-
Closing loans	(7,987)	(4,963)
Closing payables	(2,841)	(2,972)
Rebate from ultimate parent company	-	-
Total ultimate parent advance	**(10,828)**	**(7,935)**

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 2014 the interest rate was 3.5% (2013: 3.92%). The parent has agreed not to call this loan to the detriment of the company.

Transactions with Other Related Parties

In thousands of Australian dollars	2014	2013
Total sales for the year to Direct Farm Inputs Pty Limited	-	78
Closing receivables	-	-

Transactions with key management personnel (including directors)

	Transaction value		Outstanding value	
In thousands of Australian dollars	2014	2013	2014	2013
Sale of product				
Alf Cristaudo	12,246	18,956	-	-
Paul Schembri	18,403	-	-	-

Key management personnel compensation comprised:

In thousands of Australian dollars	2014	2013
Short term employee benefits	198,704	246,008
Superannuation contributions	11,146	17,413
	209,850	**263,424**

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

27. 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	**2014**	**2013**
Total comprehensive loss for the period	(6,236)	(128)
Add: taxation	1,382	(16)
Add: rebates payable	-	298
Net (loss) / profit before rebates and income tax	**(4,854)**	**154**

28. Subsequent events

The Company is in the process of a planned orderly wind down and as part of this process are undertaking a review in respect of rebates payable from the parent and a potential supply contract dispute. The financial impact resulting from the reviews cannot be reasonably estimated at this stage.

29. Auditors' remuneration

In thousands of Australian dollars	**2014**	**2013**
Auditor's remuneration to KPMG comprises:		
Audit and review of financial statements	52	52
Total auditor's remuneration	**52**	**52**

INDEPENDENT AUDITOR'S REPORT

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

Report on the financial report

We have audited the accompanying financial report of Ravensdown Fertiliser Australia Limited (the Company), which comprises the statement of financial position as at 31 May 2014, 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 29 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 polies 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 of the financial report presents fairly, in accordance with the *Corporation's 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 Fertiliser 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 2014 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 pages 3 to 4 of the directors' report for the year ended 31 May 2014. 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 Fertiliser Australia Limited for the year ended 31 May 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Grant Robinson

Grant Robinson
Partner

Perth
7 November 2014

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 2014 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

Grant Robinson

Grant Robinson
Partner

Perth
7 November 2014

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