Ravensdown
Fertiliser Australia

ANNUAL REPORT
2015

CHAIRMAN'S REPORT

ORDERLY WIND-DOWN TAKING TIME IN QUIET MARKET

After the tough decision to cease trading on 15 May 2014, the year from 1 June 2014 to 31 May 2015, has been focused on realising value from the assets held for sale by Ravensdown Fertiliser Australia (RFA). The provisions made for the sales of stock and plant in the 2014 RFA Annual Report have proven to be accurate, and the write-down's provided for at that time appropriate. This year, the disappointment to the Board is not having yet sold the remaining major assets of the business, being the Townsville store and the blending and bagging plant within it despite considerable effort. During the financial year all fertiliser stocks were sold and all nine staff have ceased employment with RFA. Short term leases were entered into.

In the 2014-15 year under review, the company is posting a loss of $764,000. Much of this was due to a non-cash $410,000 impairment (devaluation) of the Townsville store, with the remaining being final losses from sale of plant, interest (non-cash) and bad debt provisions. There was an offsetting of costs by $404,000 income generated from leasing the building while still being able to market the property for sale.

The store is currently leased until 31 March 2016 for sugar storage and general use. The Board remains focused on selling the store around the conclusion of the lease and continues to talk with interested parties. Considerable efforts have been made to achieve a sale with PWC initially conducting a sale process, followed by listing with Colliers when the PWC process did not yield a buyer. The depressed state of the Townsville market has meant the sale process is slow, and the value achievable has slipped from the time the store was constructed.

The balance sheet effect of the sale process and building revaluations results in a reduction of equity from $1,402,000 at 31 May 2014 to $639,000 at 31 May 2015. With priority loans to Ravensdown Fertiliser Co-operative (RFC) of $6,928,000, the next call on funds is to redeemable preference shareholders (RPS). Obviously funds are not available to repay RPS holders at the $7,836,000 showing on the balance sheet, and no funds available to cover the $1 million of ordinary shares held by RFC.

With the Townsville store unsold, the Board is not yet in a position to liquidate the company and return any surplus funds to holders of redeemable preference shares. However, as can be seen from the balance sheet, expectations of returns after the sale of remaining assets are low.

Some matters also remain unresolved. RFA has taken legal advice about the non-payment of 2013-14 rebates from RFC, and is now seeking payment from RFC.

The Board is committed to maximising value from the sale of assets. This is the key focus, even in the quiet Townsville property market.

Greg Campbell
Chairman Ravensdown Fertiliser Australia

2015 FINANCIAL REPORT

DIRECTORS' DECLARATION

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

(a) the financial statements, and notes that are set out on pages 8 to 16 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 2015 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 2015.

Signed in accordance with a resolution of the directors:

G S Campbell
Director
27 August 2015

S M Connolly
Director

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2015

The directors present their report together with the financial report of Ravensdown Fertiliser Australia Limited ("the Company") for the year ended 31 May 2015 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:

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

Alf Cristaudo

Alf Cristaudo was appointed as Company Secretary and Tax Public Officer on 21 October 2014.

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. He resigned as Sales and Business Development Manager and Company Secretary on 26 September 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

PRINCIPAL ACTIVITIES
The Company commenced a planned orderly wind down of its operations on 14 May 2014. The principal activities of the Company during the course of the financial year was sub lease of the Townsville store.

OPERATING AND FINANCIAL REVIEW
The Board made the decision on 14 May 2014 to protect shareholders from value erosion by ceasing trading and commencing a planned orderly wind down of the operation. The Townsville store is currently sub leased as management explore options in relation to this asset.

KEY FINANCIAL FIGURES

	2015	2014
Revenue	4,687,596	44,444,595
Redeemable preference shares	7,835,868	7,835,868
Rebates to members	-	-
Results from operating activities before finance costs and taxes	(572,689)	(4,773,421)

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
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 Limited 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 2015.

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

DIRECTOR	Redeemable preference shares	
	2015	2014
Greg Campbell	-	-
Sean Connolly	-	-
Alf Cristaudo	4,334	4,334
Paul Schembri	4,487	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 2015. 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 17 and forms part of the directors' report for the year ended 31 May 2015.
This report is made with a resolution of the directors:

G S Campbell
Chairman
27 August 2015

S M Connolly
Director

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MAY 2015

	Note	**2015**	**2014**
Assets			
Assets held for sale	*11*	6,950,285	7,716,377
Inventories	*12*	-	3,639,746
Trade and other receivables	*13*	6,690	1,520,455
Prepayments		21,087	57,109
Cash and cash equivalents	*14*	862,777	169,342
Total current assets		7,840,839	13,103,029
Total assets		7,840,839	13,103,029
Liabilities			
Member deposits	*16*	192,334	192,334
Trade and other payables	*17*	81,745	680,003
Ultimate parent advance	*24*	6,927,955	10,828,308
Total current liabilities		7,202,034	11,700,645
Total liabilities		7,202,034	11,700,645
Net assets		**638,805**	**1,402,384**
Equity			
Share capital	*15*	1,000,000	1,000,000
Redeemable preference shares	*16*	7,835,868	7,835,868
Accumulated losses		(8,197,063)	(7,433,484)
Total equity		**638,805**	**1,402,384**

The notes on pages 8 to 16 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2015

	Note	**2015**	**2014**
Revenue	*6*	4,687,596	44,444,595
Less rebates to members	*18*	-	-
Net revenue		4,687,596	44,444,595
Cost of sales	*7*	(4,189,997)	(43,992,092)
Gross profit		497,599	452,503
Sales and marketing		(19,560)	(56,330)
Administrative expenses		(133,525)	(719,567)
Other operating expenses		(917,203)	(4,450,027)
Results from operating activities before finance costs		(572,689)	(4,773,421)
Finance income	*9*	43,489	101,985
Finance expense	*9*	(234,379)	(183,043)
Net finance expense		(190,890)	(81,058)
Loss before income tax		(763,579)	(4,854,479)
Income tax expense	*10*	-	(1,381,607)
Loss for the year attributable to the equity holders		**(763,579)**	**(6,236,086)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(763,579)**	**(6,236,086)**

The notes on pages 8 to 16 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2015

	Note	ORDINARY SHARES	REDEEMABLE PREFERENCE SHARES	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 June 2013		1,000,000	8,022,985	(1,197,398)	7,825,587
Loss for the period		-	-	(6,236,086)	(6,236,086)
Share capital redemption	*16*	-	(187,117)	-	(187,117)
Other comprehensive income for the period		-	-	-	-
Balance at 31 May 2014		**1,000,000**	**7,835,868**	**(7,433,484)**	**1,402,384**
Balance at 1 June 2014		1,000,000	7,835,868	(7,433,484)	1,402,384
Loss for the period		-	-	(763,579)	(763,579)
Other comprehensive income for the period		-	-	-	-
Balance at 31 May 2015		**1,000,000**	**7,835,868**	**(8,197,063)**	**638,805**

The notes on pages 8 to 16 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2015

	Note	**2015**	**2014**
Cash flows from operating activities			
Cash receipts from customers		6,366,212	48,309,408
Cash paid to suppliers and employees		(5,836,255)	(42,739,103)
Income tax paid		1,384	(316,289)
Net cash from operating activities	*23*	**531,341**	**5,254,016**
Cash flows from investing activities			
Acquisition of plant and equipment		-	(4,699,149)
Proceeds on disposal of plant and equipment		118,605	11,140
Net cash used in investing activities		**118,605**	**(4,688,009)**
Cash flows from financing activities			
Interest received		43,489	102,175
Redemption of redeemable preference shares		-	(187,117)
Interest paid		-	(183,043)
Rebate paid to shareholders		-	(287,081)
Net cash used in financing activities		**43,489**	**(555,066)**
Net increase in cash and cash equivalents		693,435	10,941
Cash and cash equivalents at 1 June		169,342	158,401
Cash and cash equivalents at 31 May	*14*	**862,777**	**169,342**

The notes on pages 8 to 16 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.

The Board made the decision on 14 May 2014 to cease trading and commenced a planned orderly wind down of the operation.

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 27 August 2015.

(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 remaining principal asset of the business, the property in Queensland is actively being marketed.

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 indicates that sufficient cash reserves will be available for at least the next 12 months subsequent to the date of the financial statements. It is prepared on the assumption that the payable due to the ultimate holding company will be settled contemporaneously with the sale of the property.

Ravensdown Fertiliser Co-operative Limited (the ultimate holding company) previously has provided an undertaking not to call upon any balance outstanding during the 12 month period after the Board of the Company signed the financial statements for the year ended 31 May 2014 unless, following the sale of the Company's assets during that period, the Company is in a financial position to make such repayments. This undertaking expires on 3 November 2015.

After 3 November 2015 Ravensdown Fertiliser Co-operative Limited can call upon the outstanding balance at any time. However, it has not communicated to the Board of Ravensdown Fertiliser Australia Limited any intention to require settlement other than upon sale of the property. The Directors believe that Ravensdown Fertiliser Co-operative Limited is committed to continue to work with the Company to achieve the previously announced orderly wind down of operations, sale of assets and extinguishment of their liabilities. For the above reasons the directors believe it is appropriate to prepare the financial report on a going concern. However, should Ravensdown Fertiliser Co-operative Limited call upon the debt after 3 November 2015 but prior to the sale of the property, there is a material uncertainty as to whether the company will be able to continue as a going concern and therefore realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

(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 actively being marketed.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars ($), which is the Company's functional currency.

(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 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 2015, may impact the Company, and has not been applied in preparing these financial statements:

AASB 9 *Financial Instruments* includes revised guidance on the classification and measurement of financial assets including a new expected credit loss model for calculating impairments and supplements the new general hedge accounting requirements previously published. AASB 9 will become mandatory for the Company's 31 May 2019 financial statements. Retrospective application is generally required, although there are exceptions. The Company has not yet determined the potential effect of the standard.

AASB 15 *Revenue from Contracts with Customers* contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 will become mandatory for the Company's 31 May 2018 financial statements. Choice of retrospective application, or as of the application date using the "cumulative effect approach" is required. The Company has not yet determined the potential effect of the standard.

(p) Segment reporting
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 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)

– 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 2015 and 2014.

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

	2015	2014
Sale of goods	4,283,963	44,412,857
Rental income	403,633	31,698
Revenue before rebate to members	**4,687,596**	**44,444,555**

7. Cost of sales

	2015	2014
Cost of sales	3,694,979	36,132,261
Distribution costs	495,018	7,860,131
Total cost of sales	**4,189,997**	**43,992,392**

8. Personnel expenses

	2015	2014
Wages and salaries	71,773	1,184,478
Superannuation – defined contribution	9,528	84,298
Contractual termination benefits	83,884	192,772
Total personnel expenses	**165,185**	**1,461,548**

9. Finance income and expense

	2015	2014
Interest income other	43,489	101,985
Finance income	43,489	101,985
Interest to ultimate parent	(234,379)	(183,043)
Finance expense	(234,379)	(183,043)
Net finance expense	**(190,890)**	**(81,058)**

10. Income tax expense in the income statement

	2015	2014
Current tax expense		
Current period	-	1,381,607
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total income tax expense	**-**	**1,381,607**

Numerical reconciliation between tax expense and pre-tax net loss

	2015	2014
Loss for the period	(763,579)	(6,236,086)
Total income tax expense	-	1,381,607
Loss excluding income tax	(763,579)	(4,854,479)
Income tax using the Company's domestic tax rate of 30%	(229,074)	(1,456,344)
Benefit of tax loss not recognised	229,074	1,456,344
Derecognition of previously recognised tax losses	-	1,381,607
Total income tax expense	**-**	**1,381,607**

As at 31 May 2015 and 2014 no deferred tax asset was recognised. The Company would be unable to utilise the future tax benefits following the planned orderly wind down.

11. Assets held for sale

Assets classified as held for sale:

	2015	2014
Property, plant and equipment	6,950,285	7,716,377
	6,950,285	**7,716,377**

* Buildings were independently valued as at 31 May 2015 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. Inventories

	2015	2014
Finished goods at net realisable value	-	3,639,746
	-	**3,639,746**

13. Trade and other receivables

	2015	2014
Trade receivables net of provision of $270,519 (2014: $266,644)	6,690	1,287,127
Other receivables	-	233,328
	6,690	**1,520,455**

14. Cash and cash equivalents

	2015	2014
Call deposit	558,825	149,387
Bank balances	303,952	19,955
Cash and cash equivalents in statement of cash flows	**862,777**	**169,342**

15. Share capital

As at 31 May 2015, there were 1,000 ordinary shares issued at $1,000 per share (31 May 2014: 1,000 shares). The Company does not have authorised capital or par value in respect of its issued 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.

16. Redeemable preference shares

	2015	2014
On issue at 1 June	7,835,868	8,022,985
Less shares redeemed during the year	-	(187,117)
On issue at 31 May	**7,835,868**	**7,835,868**

As at 31 May 2015, 7,835,868 redeemable preference shares were fully paid to the value of one Australian dollar each (2014: 7,835,868).

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.

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 2015, no R Class redeemable preference shares were issued (2014: nil) and there were no Q Class redeemable preference shares issued (2014: nil).

Members deposits of $192,334 (2014: $192,334) represent monies received by both existing and prospective members awaiting allotment at balance date.

17. Trade and other payables

	2015	2014
Trade payables	71,858	430,775
Employee entitlements	4,584	140,938
Other payables	5,303	108,290
	81,745	**680,003**

18. Provisions for rebate

	2015	2014
Balance at 1 June	-	287,081
Rebate paid out to shareholders	-	(287,081)
Rebate provided for during period	-	-
Balance as at 31 May	**-**	**-**

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.

19. Financial instruments

(a) Credit risk

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

		Carrying amount	
	Note	2015	2014
Trade and other receivables	*13*	6,690	1,520,455
Cash and cash equivalents	*14*	862,777	169,342
		869,467	**1,689,797**

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	
	2015	2014	2015	2014
Trade receivables				
Not past due	-	866,622	-	-
Past due 1-30 days	625	133,123	-	-
Past due more than 30 days	276,584	554,326	270,519	266,644
	277,209	**1,554,071**	**270,519**	**266,644**

(b) Liquidity risk

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

2015

Non-derivative financial liabilities

	Carrying value	Contractual cash flows	0-3 months
Ultimate parent payable	6,927,955	6,927,955	6,927,955
Trade and other payables	81,745	81,745	81,745
	7,009,700	**7,009,700**	**7,009,700**

2014
Non-derivative financial liabilities

	Carrying value	Contractual cash flows	0-3 months
Ultimate parent payable	10,828,308	10,828,308	10,828,308
Trade and other payables	680,003	680,003	680,003
	11,508,311	**11,508,311**	**11,508,311**

(c) Foreign currency exchange risk
The Company had no significant exposure to foreign currency risk at 31 May 2015.

(d) Interest rate risk
Cashflow Sensitivity
At 31 May 2015 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 (2014: $108,283). 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 2015.

(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-.

20. Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

	2015	2014
Less than one year	242,844	424,032
Between one and five years	971,376	694,128
More than five years	3,657,494	3,616,512
Total lease commitments	**4,871,714**	**4,734,672**

The Company leases land at its Townsville store. There is presently a sub-lease in relation to the property of an amount at least equal to the RFA monthly lease commitment and it expires on 31/03/16. Negotiations are in progress for an extension of the sub-lease for a period to align with anticipated sale timeline for the property.

21. Capital commitments

There are no capital commitments entered into as at 31 May 2015.

22. Contingencies

The Company had no material contingent liabilities at balance date (2014: nil).

23. Reconciliation of cash flows from operating activities

	2015	2014
Loss for the year attributable to the equity holders	(763,579)	(6,236,086)
Adjustments for:		
Items classified as financing activities		
Interest received	(43,489)	(101,985)
Interest paid	-	183,043
	(807,068)	(6,155,028)
Adjustments for:		
Depreciation and loss (gain) on disposals	235,251	301,608
Impairment of fixed assets	410,000	1,870,585
Decrease (increase) in deferred tax assets	-	1,065,240
(Increase) decrease in inventories	3,640,450	5,968,254
(Increase) decrease in trade and other receivables	1,518,555	(313,755)
(Increase) decrease in prepayments	30,673	(13,019)
(Increase) decrease in tax refund due	1,000	-
Increase (decrease) in ultimate parent payable	(3,899,353)	2,894,128
Increase (decrease) in trade and other payables	(598,167)	(363,997)
Net cash from operating activities	**531,341**	**5,254,016**

24. 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

	2015	2014
Total purchases for the year	-	19,792,000
Closing receivables	-	-
Total ultimate parent receivable	-	-
Closing loans	(6,927,955)	(7,987,131)
Closing payables	-	(2,841,177)
Rebate from ultimate parent company	-	-
Total ultimate parent advance	**(6,927,955)**	**(10,828,308)**

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 2015 the interest rate was 2.88% (2014: 3.5%). The parent has agreed not to call this loan to the detriment of the company until 3 November 2015, refer note 2(b).

Transactions with key management personnel (including directors)

	Transaction value		Outstanding value	
	2015	2014	2015	2014
Sale of product				
Alf Cristaudo	-	12,246	-	-
Paul Schembri	-	18,403	-	-

Key management personnel compensation comprised:

	2015	2014
Short term employee/director benefits	27,528	198,704
Superannuation contributions	2,472	11,146
	30,000	**209,850**

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

25. 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.

	2015	2014
Total comprehensive loss for the period	(763,579)	(6,236,086)
Add: taxation	-	1,381,607
Add: rebates payable	-	-
Net loss before rebates and income tax	**(763,579)**	**(4,854,479)**

26. Subsequent events

The Company is in the process of a planned orderly wind down and as part of this process has sought legal advice in relation to its right to receive a rebate from its parent company for the financial year ended 31 May 2014. No rebate has been paid to date as this matter is yet to be resolved. As the financial impact cannot be reasonably estimated at this stage, no receivable has been recognised in the financial statements.

27. Auditors' remuneration

	2015	2014
Auditor's remuneration to KPMG comprises:		
Audit and review of financial statements	29,515	52,068
Total auditor's remuneration	**29,515**	**52,068**

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 2015, 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 27 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 2015 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).

Material uncertainty regarding continuation as a going concern
Without modifying our opinion, we draw attention to the following matter. As a result of the facts set out in Note 2(b), there is a material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

Grant Robinson
Partner

Perth
28 August 2015

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 2015 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
28 August 2015

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