RIDLEY

Ridley trading and capital management update

Melbourne, Australia 22 March 2013: Ridley Corporation Limited (**Ridley**) (**ASX: RIC**)

Ridley advises that a number of external factors are currently having a detrimental effect on some sectors of the business compared to the first half financial results announced to the market on 20 February 2013.

External factors affecting the business include continued price pressure in the dairy industry and ongoing reductions in the use of compound feed by dairy farmers, over-supply and fierce competition in the packaged product sector, and ongoing restrictions on rendered product exports to certain Asian countries arising from Avian Influenza outbreaks. On a positive note, both rendering businesses are operating satisfactorily in all other respects, there is a forecast increase in broiler placements likely to flow through in the next half, and our aquafeeds division is performing above expectations.

The recent reopening of the export markets in Thailand and Vietnam for poultry meal will improve the outlook for the company's rendering operations in the fourth quarter, however the subdued trading conditions are expected to constrain Ridley AgriProducts' full year EBIT[1] to a level similar to that recorded last year.

In addition to factors affecting the feed aspects of the business, there has been no finalisation of discussions with Penrice Soda Holdings Ltd (Penrice) in relation to the likely termination of the long term take or pay contract to supply brine from the Ridley Dry Creek salt field. The Board is cognisant of the cash flow implications associated with the loss of contracted Dry Creek earnings and Ridley's ability to realise the carrying value of plant and inventory assets, which is in excess of $15 million. The outcomes of the discussions with Penrice will have a material bearing on the sustainable level of borrowing and gearing of the company moving forward, particularly in light of the subdued trading conditions now being experienced in Ridley AgriProducts.

As announced on 29 November 2012 and 20 February 2013, the Board advised that net proceeds from the Cheetham Salt sale would be used in priority to return levels of debt to more traditional levels of gearing following the acquisition of the BPL rendering business, to assist with any growth opportunities and then, after consideration of the company's ongoing cash generation and funding requirements, to provide a capital return to Ridley shareholders.

Following the receipt of proceeds from the sale of Cheetham Salt, the company is currently conservatively geared at c.20% and in a strong position to fund the business and take advantage of any small scale consolidation opportunities.

No decision has been made at this time in relation to the quantum or timing of a capital return to shareholders recognising the subdued trading conditions and the outstanding issues in relation to the Penrice contract.

Once it has clarity on the Dry Creek asset realisation and contract termination, Ridley will update the market on NPAT[2] and cash flow expectations, together with its capital management determination.

For further information please contact:

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[1]: Earnings Before Interest and Tax
[2]: Net Profit After Tax

RIDLEY BACKGROUND

Ridley Corporation Limited (ASX: RIC) is Australia's leading supplier of animal nutrients, ingredients and feeds for the safe and sustainable production of food from livestock. Ridley's operations service both ends of the food production value chain. Ridley is a leading supplier of animal nutrition products to producers in the beef, dairy, poultry, pig, sheep, and aquaculture industries, laboratory animals and equine and canines animals in the recreational sector. Through its rendering operations, Ridley is also one of Australia's largest processors of animal by-products, supplying a range of products to service Australian and export markets. Ridley has a diversified production base across eastern and southern Australia and a portfolio of well recognised brands servicing customers across Australia.