



## **Ridley and IBA enter into Aquafeed Manufacture Agreement**

**Melbourne, Australia, 9 October 2009:** Ridley AgriProducts Pty Ltd, a wholly owned operating division of Ridley Corporation Limited (**Ridley**) (ASX: RIC), has announced that it will today be finalising arrangements with Indigenous Business Australia (**IBA**) to manufacture **Ridley Aqua-Feed**.

Ridley currently owns and operates a plant at Narangba in Queensland that manufactures 40,000 tonnes of Ridley Aqua-Feed and has for some time been operating at full capacity. Under the joint venture with IBA, Ridley will have feed produced under a Toll Manufacturing Agreement at a plant located at Inverell in northern NSW.

The Inverell plant will provide up to an additional 40,000 tonnes of capacity, thereby doubling Ridley's aquafeed production capacity. At least 10,000 tonnes of this additional capacity is expected to be utilised in the first 12 months of operation to meet the increased supply requirements of Ridley's aquafeed customers, with the balance of capacity progressively utilised over the next few years as new sales volumes are secured.

By way of background, in March 2009, IBA reached agreement with Nestle to purchase its former petfood plant at Inverell. A new company, Consolidated Manufacturing Enterprise Pty Ltd (**CME**), has since been established to operate the plant. Ridley has made an investment of A\$2 million into the CME business to provide working capital and facilitate the upgrade of the Inverell plant to meet the more exacting requirements of aquafeed production. Whilst Ridley will hold a 25% shareholding in CME and IBA the remaining 75%, IBA will progressively reduce its shareholding over time as it transfers its investment to local Indigenous groups.

Ridley has project managed the upgrade of the existing plant within its required scope and will support the CME business in the future with its expertise in the production of aquafeed products. The plant upgrade is nearing completion with commissioning scheduled for later this month.

Ridley Chief Executive Officer Mr John Murray said *"We are delighted with the agreement and our investment and association with IBA. The market for aquafeed in Australia has been growing over recent years at 20% per annum and after a short period of consolidation is forecast to continue growing at similar levels. This new arrangement will enable us to expand our capacity to service this growth without delay or the need to expend large sums of capital to construct a new production facility. The agreement secures Ridley's place in the Australian aquafeed market as a key supplier of high performing and high quality feed and confirms Ridley's commitment to grow with our customers."*

The reopening of the Inverell plant will generate new jobs within the area and will be a benefit to the wider community. Nestle have contributed greatly to the community in Inverell through its agreement with IBA that facilitated the reopening of the plant, and both IBA and Ridley acknowledge Nestle's support in making this possible.

The following statement was provided by the IBA chair Dr Dawn Casey. *"IBA is pleased to be entering into a joint venture with Ridley Corporation, Australia's leading producer and marketer of stock feed products in Australia."*

*IBA views its investment in this joint venture as an important element in generating sustainable regional economic development and is looking forward to the joint venture delivering positive economic and social benefits to the local community of Inverell.*

*IBA would like to acknowledge the significant cooperation and support of Nestle and the Inverell Shire Council in the development of this joint venture."*

**About Ridley:** Ridley Aqua-Feed is a division of Ridley AgriProducts Pty Ltd, itself a wholly owned subsidiary of ASX listed Ridley Corporation Limited (ASX: RIC). Ridley Corporation Limited is a processor of value-added agricultural products and is Australia's largest stockfeed manufacturer.

**About IBA:** Indigenous Business Australia is a statutory authority that is committed to Indigenous economic development through the provision of home loans, small business development and specialised joint venture opportunities for Indigenous Australians.

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