RIDLEY

Ridley Corporation Limited

Appendix 4D Half year report

ABN 33 006 708 765

Results for announcement to the market

Reporting period: Half year ended 31 December 2010
Previous corresponding period: Half year ended 31 December 2009
Release date: 9 February 2011

				$A'000
Revenue from continuing operations	down	2%	to	373,642
Profit from continuing operations after tax	up	6%	to	15,888
Net profit for the period attributable to members	up	6%	to	15,888

Dividends	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Interim dividend	3.75¢	3.50¢	Nil

Record date for determining entitlements to the interim dividend	11 March 2011

	31 December 2010	31 December 2009
Net tangible asset backing per ordinary share	0.85	0.82

Brief Explanation

See pages 2 to 8.

RIDLEY

9 February 2011

STRONG HALF YEAR EARNINGS FOR RIDLEY DESPITE ADVERSE WEATHER PERIOD

RESULTS SUMMARY

	6 months to: December 2010	December 2009	Change	
	$ million		$ million	%
Continuing operations:				
Revenue	373.6	381.8	(8.2)	(2%)
Earnings before finance income and expense and tax expense (EBIT)	20.6	23.8	(3.2)	(13%)
Net finance costs	(4.6)	(3.9)	(0.7)	(18%)
Income tax expense	(0.1)	(5.0)	4.9	+98%
Net profit after tax	15.9	14.9	1.0	+6%
Dividend (cps)	3.75	3.5	0.25c	+7%
Earnings per share (cents)	5.2	4.9	0.3	+6%

Ridley Corporation Limited (**Ridley**, ASX: RIC) today announced a consolidated after tax profit for the half year to 31 December 2010 of $15.9 million.

The profit is $1.0 million ahead of the result for the corresponding period last year, a bottom line improvement of 6%, boosted by the sale of the liquid feed business and favourable adjustment of prior year tax estimates.

Operational EBIT of $20.6 million is $3.2 million down on the corresponding period, with most of the unfavourable variances arising directly or indirectly for the six month period from highly unusual and hostile weather events.

The continuing Ridley AgriProducts business generated EBIT of $12.9 million, which includes $0.4 million from the operations and sale of its liquid feeds business at the end of August 2010. The result is $1.2 million down on the corresponding period last year.

The Cheetham Salt business generated EBIT before joint ventures of $7.8 million, down $1.7 million on last year. Joint venture after tax earnings of $3.5 million were down $0.3 million on the same period last year.

Ridley AgriProducts

Even prior to the widespread flooding which commenced in December, the Queensland and northern New South Wales weather pattern for the months of July through to November had produced sustained periods of unseasonally high rainfall. With many areas on the eastern seaboard experiencing their highest rainfall levels in up to fifty years with in excess of 1200 mm of rain falling between October and late January, there was not only an abundance of pasture but also a level of dampness and moisture that on several occasions interfered with electronics and production processes at our northern sites.

Whilst largely insulated from climatic events through its poultry and aqua businesses, the abundance of pasture following the sustained periods of rainfall across the southern and eastern states has had an adverse impact on Ridley AgriProducts' Supplements business. The Supplements business, which has been on a three year strategic recovery path which saw it record a small profit last year, has slipped back into deficit for the half year as demand for supplementary feeding has fallen. Despite capturing market share and scaling back operations to minimise variable costs, the Supplements business has recorded an unfavourable turnaround of $1.0 million compared to the same period last year.

As alerted to in the 2010 year end results presentations, the loss of pig volume has been more than compensated by an increase in poultry volume. This positive volume impact has been offset by the lower margins generated from the long production run, volume-driven poultry sector compared to the pig sector. The net effect is an operating result similar to that recorded in the comparative period.

Whilst a smaller sector of the business, the beef and sheep sector has also suffered in volume terms as a result of the abundance of pasture referred to above.

The recovery of the Dairy sector has been slower than budgeted due to the extensive pasture but volumes are 14% up on last year and positive earnings were generated for the half year and are forecast for the full year.

Deemed to be a non-core component of the Ridley AgriProducts portfolio, the liquid feeds business was sold at the end of August. The two months operating result and sale transaction combined to generate an earnings contribution of $0.4 million, reflected in the half year result.

Cheetham Salt

The Cheetham Salt result for the half year has been adversely affected by the severe weather events in Queensland.

During the six months ended 31 December 2010, sustained periods of rainfall in Queensland generated widespread pasture growth, which affected demand for salt from the stockfeed sector and led to a 36% drop in volume compared to the prior year.

Throughout this period under review, the Bajool refinery has demonstrated continued improvement in production towards nameplate capacity. There have, however, been a number of unforeseen issues that have prevented the new refinery from reaching its full operational capacity. Many of these issues relate to moisture associated with the persistent rainfall in the region whilst others have resulted in changes to production processes.

Although the wet weather management plans implemented by Cheetham Salt mitigated losses and none of its three refineries was inundated, inventory losses have been brought to account at Bowen and Bajool for the half year. These losses cover harvested salt washed away from the bank at Bajool and costs associated with the weather-related deferral of harvest activity at Bowen.

The financial impact from the combination of weather events as noted above is a reduction in earnings of $2.0m from the corresponding period last year.

Achievement of the anticipated freight and start up cost savings associated with the new Bajool refinery production capacity has been hindered by the issues noted above. Approximately $0.6m of savings have been achieved during the half year and every effort is being expended to realise the full cost saving potential during the second half year.

There has been a 10% drop in soda ash volume for the six months when compared to the corresponding period last year.

The joint venture operations have recorded an after tax contribution of $3.5m for the half year, $0.3m under the result for the same period last year. Some dividend distributions have again been invested to fund the completion and commissioning of the Dominion Salt refinery expansion at Mount Maunganui, New Zealand.

Although Indonesia has reported strong volume growth, up 36% on last year, an offsetting provision has been made against the operating result for the half year for Value Added Tax (VAT) claimed by the Indonesian tax authorities following a tax audit assessment. Ridley is formally appealing the interpretation adopted by the Indonesian tax authority.

Finance costs

Consolidated net interest and financing costs were $4.6 million, 18% higher than last year mainly due to accelerated amortisation of capitalised borrowing costs due to (i) the refinancing of the new loan facility in December 2010 ($0.3 million), and (ii) higher Ridley AgriProducts working capital balances associated with longer positions and rising raw materials prices.

On 29 December 2010, a new bank debt facility totalling $172.5 million was established with two Australian banks, replacing the $150 million cash advance facility which was due to expire in December 2011. The facility includes a combination of term debt available to be drawn down in tranches, with a tenure of between two and four years. These unsecured bank loans are floating interest rate debt facilities which require the Group to comply with certain minimum financial requirements. The key covenant ratios under the facility are interest cover, debt cover, gearing and consolidated net worth.

Although the new bank debt facility was executed prior to 31 December 2010, the first utilisation of the new facility only occurred on 31 January 2011, and the applicable accounting standard requires that the existing borrowings at 31 December 2010 be classified as a current liability. There have been no breaches of the covenants of either the old or the new facility or any other commercial consequences as a result of this classification, which is expected to revert to the usual non-current classification for year end reporting purposes.

The new financiers' risk management of the facility is governed by financial covenants that are relevant to the business, the adoption of which has facilitated the release of the fixed and floating charge over the consolidated group and has resulted in a significant improvement in bank financing rates.

Tax expense

The after tax impact of Cheetham Salt joint venture profits and other sundry tax items have given rise to a $1.0 million deduction from the prima facie income tax position of $4.7 million. An overprovision in the prior year of $3.6 million, discussed in detail below, has reduced the income tax expense for the period to $0.1 million.

At the time of adopting the 2010 annual report, the Company was in the process of conducting an evaluation of whether or not there was an opportunity to make a claim under the research and development (R&D) tax concession scheme for certain activities conducted as part of the new Enterprise Resource Planning (ERP) system being developed by Ridley AgriProducts.

After further investigation and the completion of a significant body of work conducted both internally and externally, a $2,018,188 R&D Tax concession claim in respect of the 2010 financial year was lodged at 125% for work conducted on the R&D of certain modules within the new ERP system currently being implemented by Ridley AgriProducts. Having exceeded the rolling three year average amount by virtue of this claim, a further $548,777 has been brought to account in the half year in respect of the R&D tax concession uplift from 125% to 175%.

Each of the above 2010 R&D tax concession claims, together with upward revisions to finalise investment allowances of $505,258 and all other 2010 tax matters of $545,649, have been recorded in the current reporting period and has contributed to the net income tax expense in the profit and loss for the half year of $0.1 million.

It is anticipated that the completion of investigations in progress at the date of this report may lead to an adjustment to the R&D Tax concession amount incorporated within the 2009 income tax return which will form part of an amended return to be lodged in the second half of the 2011 financial year and the financial impact of which will be reflected in the full year accounts to 30 June 2011.

CASH FLOWS

Ridley has continued its tight control over working capital, which has risen by $6.0 million from 30 June 2010 and 31 December 2009 balances. The movement from June 2010 is primarily due to higher debtors caused by the pass through of higher raw materials prices, plus historically consistent payment deferrals and fourth quarter sales patterns. The movement from December 2009 reflects a significant upward shift in raw material prices for the Ridley AgriProducts business as brought to account in closing inventory positions.

International wheat and barley prices surged significantly higher in July 2010 and the first half of August as a severe drought in the Soviet Union and Ukraine led to a dramatic reduction in crop estimates from this part of the world. The magnitude and speed of the upward momentum caught world markets somewhat by surprise and the impact was passed through to the Australian market, where wheat rose from approximately $220 to around $300 per tonne, and barley from $170 to around $230 per tonne. These higher price levels led to higher inventory and working capital values compared to 31 December 2009, but were more than offset by shorter positions taken when compared to 30 June 2010.

The level of capital expenditure at $5.9 million has fallen considerably compared to the prior period following the completion of major works on the Bajool and Indonesian salt refineries and the effective conclusion of capitalised activity on the ERP system being implemented by Ridley AgriProducts.

Although the roll out of the new ERP system to all AgriProducts sites is being conducted throughout the 2011 financial year, the nature of the work is now more operational than developmental, and $0.5 million of costs that would have previously been capitalised have been expensed accordingly within the operating result for the period. The amortisation of the ERP asset also commenced at the start of the half year and gave rise to an amortisation charge of $0.8 million.

As anticipated within the 2010 annual result presentations, the outflow on capital expenditure for the half year is less than the $7.2 million aggregate of depreciation and amortisation.

Cash flows for the half year reflect the increase in final dividend to 3.75 cents per share, paid wholly in cash, and the $5.0 million proceeds of sale of Ridley's share in the liquid feeds business.

Net tax payments made in the half year of $3.1 million will be partially recouped in the second half year following the finalisation of the R&D 2010 tax concession claim and income tax return as lodged and to the extent of any 2009 prior year amendment to be finalised and lodged as an amended return in the second half year.

A cash flow summary with a prior period comparison is provided in the following table.

Cash flows for the six months	**Half year ended**	
	31 Dec 2010 ($m)	**31 Dec 2009 ($m)**
EBITDA	27.8	29.3
Movement in working capital & other flows	(12.7)	(5.0)
Capital expenditure	(5.9)	(15.0)
Net cash dividends	(10.5)	(9.8)
Proceeds from sale of liquid feeds business (2009: Sale of Corio property)	5.1	2.9
Net finance expense	(4.5)	(3.5)
Net tax payments	(3.1)	(0.3)
Cash flow for the period	(3.8)	(1.4)
Payment of Ridley Inc. Canadian tax liability	-	(7.9)
Draw down of debt	(3.8)	(9.3) #
Opening net debt balance at 1 July	(72.0)	(69.1)
Closing net debt balance at 31 December	**(75.8)**	**(78.4)**

 # Excludes $0.4m of borrowing costs capitalised onto loan balances.

DIVIDEND

Despite the operational result before tax being lower than expectations at the start of the half year, the Board of Directors acknowledges the strength of the underlying businesses and their ability to trade profitably through such periods of adversity. The Board has consequently increased the level of interim dividend and declared a 2011 interim dividend of 3.75 cents per share, unfranked and payable on 31 March 2011. The reduction in income tax payable by the Group referred to above has effectively deferred the recommencement of franked dividend payments for the time being.

SURPLUS LAND HOLDINGS

As announced to the market in October 2010, the investigations and subsequent feasibility analysis into the redevelopment of the Dry Creek site indicate that redevelopment of the site is financially viable, potentially providing a community with up to 10,000 dwellings, a mixed-use town centre, recreational lake with marina facilities and dedicated wetland conservation areas. The potential value derived from a redevelopment of this kind would create significant long-term shareholder value, and is at least equal to the current carrying value of the Dry Creek site in its current use as a fully operational salt field.

While redevelopment of the site is viable, the Dry Creek salt fields currently operate under a long term Supply Agreement between Cheetham Salt and Penrice Soda Holdings. After evaluating all conceivable alternative sources of salt supply, including the relocation of the existing salt fields, the Board concluded that the redevelopment is not feasible at the present time.

In light of the above, Ridley determined not to proceed into the next stage of redevelopment investigations but remains confident, however, that redevelopment of the land will occur at an appropriate time, and that the Dry Creek land will continue to represent a significant strategic opportunity for redevelopment given its proximity to Adelaide and inclusion within the State Government's 30 Year Plan. Ridley will continue to monitor this opportunity with a view to maximising shareholder value for the long term.

Ridley continues to develop strategies for other surplus land holdings in Victoria and Queensland and to ensure that shareholder value is optimised from the realisation of these opportunities.

REVIEW OF OPERATIONS

Managing Director, Mr John Murray, commented: "Our core operations, Ridley AgriProducts and Cheetham Salt, have both delivered solid performances in the face of very trying circumstances and a series of weather events not experienced for up to fifty years. Whilst it is disappointing to not be able to record a third successive record profit in Ridley AgriProducts and for Cheetham to not register the step up in result expected from the completion of the refinery rationalisation program, I believe the results for the half year show how far we have come as an organisation. In prior years, the combination of adverse events that have occurred in the last six months would have had a dramatic impact on our operating result and no doubt resulted in material losses being reported as significant items."

"Our diversification and risk mitigation strategies have minimised the impact on our operating result for the half year, and although the month of January 2011 has been a poor operating month for both businesses due to the pervasive effects of the flooding, we expect to be able to return to our longer term strategic path well before the end of the current financial year. Unless the recent climatic events represent a material shift in long range weather patterns, we regard this last six month period as a temporary deviation from our longer term upward trend."

"I have referred in the past to a level of core earnings from which upward or downward deviations of up to three million dollars might occur depending on the overall mix of economic and climatic variables. The six months to 31 December 2010 confirms our assessment of the value of any downside deviation in an unfavourable trading period."

"In a year of highly unusual weather events that have impacted our pre-tax operating result, we have been diligent and determined with our efforts to ensure that we are optimising our financing arrangements, and taking proper advantage of all available deductions and relevant tax concessions as part of a properly managed, conservative tax management strategy."

"During the half year we have conducted a full competitive tender process for our banking facilities and secured a favourable outcome both in terms of the costs of finance and the release of security. This will generate finance cost savings and other operational efficiencies going forward."

"We have also conducted a significant body of work to establish, and have independently confirmed, our entitlement to claim a tax benefit of $3.6 million in respect of the prior year, and this has materially lowered our effective tax rate not only for the half year, but also for the full year."

"In summary, the risk mitigation arising from the sector diversification we enjoy has been severely stress tested during the six months to 31 December 2010. Throughout this period, the platform for sustained growth established over the last few years has remained above water and its foundations proven to be well constructed. We have expended a lot of effort in the last six months dealing with events as they have arisen at the expense of growing the business, however we have reaffirmed our growth prospects and are eager to move forward to start delivering the returns that we remain confident the business is capable of."

OUTLOOK

Commenting on the outlook, Mr Murray said: "We are fortunate that no Ridley sites were inundated or suffered damage as a result of the recent flooding and cyclones in Queensland and Victoria. Although we anticipate a widespread re-stocking of products in the second half year, particularly with regard to salt products, the economic impacts of the recent weather events are so pervasive, and the timeframe for resumption of normal business operations by all affected sectors so uncertain, that we are unable to provide a meaningful guidance for the second half year at the present time. We will look to provide some guidance for the full year once we have assessed the third quarter results and have confidence in our outlook for the final quarter."

Mr Murray added "In the meantime, we are delighted to have announced on 21 January 2011, an agreement to acquire the Camilleri Stockfeeds poultry and fish rendering business. This business is highly compatible with our core agribusiness activities, has strong management, all of whom have been retained, a proven track record spanning many years, and a high conversion of earnings to cash. At our investor presentations for some time now I have been stating our intention to acquire complementary, earnings accretive "bolt-on" agribusiness operations, and this is exactly the kind of opportunity I have been alluding to. We are currently moving positively towards completion around the end of this month, commencement of the integration process, and to exploring the dietary and nutrition synergies that arise from the combination of our businesses."

For further information please contact:

John Murray
Chief Executive Officer
Ridley Corporation Limited

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RIDLEY CORPORATION LIMITED

Directors' Report for the Half Year Ended 31 December 2010

The Directors present their report on the consolidated entity consisting of Ridley Corporation Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2010.

Directors

The Directors of Ridley Corporation Limited at any time during or since the end of the half year and up to the date of this report are as follows:

J S Keniry (resigned 22 November 2010)
J M Spark (appointed Chair on 22 November 2010)
R J Lee
J Murray
A L Vizard
P M Mann
R J van Barneveld
G H Weiss

Review of Operations

The review of operations is set out on pages 2 to 8.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investment Commission relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on page 10.

Signed at Melbourne on 9 February 2011 in accordance with a resolution of the Directors.

J M Spark
DIRECTOR

KPMG

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

To: the directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Paul J McDonald

Paul J McDonald

Partner

Melbourne

9 February 2011

CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	December 2010 $'000	December 2009 $'000
Revenue from continuing operations	2	373,642	381,785
Cost of sales		(334,542)	(340,773)
Gross profit		39,100	41,012
Finance income		72	315
Other income	2	834	569
Expenses from continuing operations			
Selling and distribution		(6,901)	(6,799)
General and administrative		(16,017)	(14,882)
Finance costs	3	(4,664)	(4,167)
Share of net profits of equity accounted investments	10	3,553	3,833
Profit from continuing operations before income tax		15,977	19,881
Income tax expense	4	(89)	(4,938)
Net profit after tax attributable to members of Ridley Corporation Limited		15,888	14,943

Earnings per share	**Cents**	**Cents**
Basic earnings per share	5.2	4.9
Diluted earnings per share	5.2	4.9

The above consolidated condensed income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 $'000	December 2009 $'000
Net profit after tax attributable to members of Ridley Corporation Limited	15,888	14,943
Other comprehensive income		
Changes in the fair value of cash flow hedges	649	1,434
Income tax	(195)	(430)
Exchange differences on translation of foreign operations	(531)	(251)
Other comprehensive income for the period, net of tax	(77)	753
Total comprehensive income for the period	15,811	15,696
Total comprehensive income for the period is attributable to:		
Ridley Corporation Limited	15,811	15,696

The above consolidated condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2010

	December 2010 $'000	June 2010 $'000
Current assets		
Cash and cash equivalents	10,758	7,006
Receivables	94,065	82,031
Inventories	86,073	90,549
Total current assets	190,896	179,586
Non-current assets		
Investments accounted for using the equity method	52,860	50,324
Property, plant and equipment	220,842	225,179
Intangible assets	28,753	29,211
Total non-current assets	302,455	304,714
Total assets	493,351	484,300
Current liabilities		
Payables	96,691	96,166
Borrowings (Note 8)	86,573	2,064
Tax liabilities	3,523	7,329
Provisions	11,609	10,558
Derivative financial instruments	587	1,236
Total current liabilities	198,983	117,353
Non-current liabilities		
Borrowings (Note 8)	-	76,924
Deferred tax liabilities	4,574	3,868
Provisions	779	907
Retirement benefit obligations	20	91
Total non-current liabilities	5,373	81,790
Total liabilities	204,356	199,143
Net assets	288,995	285,157
Equity		
Share capital	237,531	237,531
Reserves	35,970	35,937
Retained profits	15,494	11,689
Total equity	288,995	285,157

The above consolidated condensed balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Share Capital	Revaluation Reserve	Share based payment reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2010	**237,531**	**37,263**	**(250)**	**(865)**	**(211)**	**11,689**	**285,157**
Profit for the period	-	-	-	-	-	15,888	**15,888**
Other comprehensive income							
Changes in the fair value of cash flow hedges, net of tax	-	-	-	454	-	-	**454**
Exchange differences on translation of foreign operations	-	-	-	-	(531)	-	**(531)**
Total other comprehensive income for the year	-	-	-	**454**	**(531)**	-	**(77)**
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	-	(11,543)	**(11,543)**
Share based payment transactions	-	-	110	-	-	(540)	**(430)**
Balance at 31 December 2010	**237,531**	**37,263**	**(140)**	**(411)**	**(742)**	**15,494**	**288,995**

The above consolidated condensed statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Share Capital	Revaluation Reserve	Share based payment reserve	Cash flow hedge reserve	Foreign currency translation reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2009	**237,531**	**35,983**	**(386)**	**(2,283)**	**(154)**	**5,520**	**276,211**
Profit for the period	-	-	-	-	-	14,943	**14,943**
Other comprehensive income							
Changes in the fair value of cash flow hedges, net of tax	-	-	-	1,004	-	-	**1,004**
Exchange differences on translation of foreign operations	-	-	-	-	(251)	-	**(251)**
Total other comprehensive income for the year	-	-	-	**1,004**	**(251)**	-	**753**
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	-	(10,773)	**(10,773)**
Share based payment transactions	-	-	368	-	-	-	**368**
Balance at 31 December 2009	**237,531**	**35,983**	**(18)**	**(1,279)**	**(405)**	**9,690**	**281,502**

The above consolidated condensed statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	December 2010 $'000	December 2009 $'000
Cash flows from operating activities		
Receipts from customers	397,540	419,463
Payments to suppliers and employees	(381,851)	(396,036)
Dividends received	917	934
Interest received	72	315
Other revenue received	395	569
Interest and other costs of finance paid	(4,640)	(3,859)
Income taxes paid	(3,091)	(8,191)
Net cash inflow from operating activities	9,342	13,195
Cash flows from investing activities		
Net proceeds from sales of joint venture operation	4,983	-
Payments for property, plant and equipment	(5,353)	(10,222)
Payments for intangible assets	(589)	(3,591)
Proceeds from sale of non-current assets	127	2,910
Acquisition of investment in associate	-	(1,237)
Net cash (outflow)/inflow from investing activities	(832)	(12,140)
Cash flows from financing activities		
Shares repurchased	(918)	(86)
Proceeds from borrowings	7,586	19,412
Dividends paid	(11,426)	(10,675)
Net cash inflow/(outflow) from financing activities	(4,758)	8,651
Net increase in cash held	3,752	9,706
Cash at the beginning of the financial year	7,006	280
Cash at the end of the half year	10,758	9,986

The above consolidated condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the half year ended 31 December 2010

Note 1 – Basis of preparation of interim financial report

These condensed consolidated interim financial statements as at and for the six months ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the year ended 30 June 2010 and any public announcements made by Ridley Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. Certain comparative amounts have been reclassified to conform with the current half year's presentation.

These interim financial statements were approved by the Board of Directors on 9 February 2011.

Except as described below, the principal accounting policies adopted in the preparation of these interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2010.

New accounting standards and interpretations

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project, AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 and 2010-3 introduce amendments into Accounting Standards that are equivalent to those made by the International Accounting Standards Board (IASB) under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Estimates

The preparation of the interim financial report 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.

In preparing these consolidated interim financial statements, the significant judgements, estimates and assumptions made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated statements as at and for the year ended 30 June 2010.

Notes to the financial statements
For the half year ended 31 December 2010

	CONSOLIDATED December 2010 $'000	CONSOLIDATED December 2009 $'000
Note 2 – Revenue and other income		
Revenue from continuing operations:		
Sale of goods	373,642	381,785
Other income:		
Rent received	43	54
Profit on sale of joint venture operation	439	-
Profit on sale of property, plant and equipment	-	263
Other	352	252
	834	569
Note 3 – Expenses		
Profit from continuing operations before income tax is arrived at after charging the following items:		
Depreciation and amortisation	7,165	5,461
Finance costs:		
Interest expense	4,329	4,242
Amortisation of borrowing costs	335	108
Capitalisation of borrowing costs	-	(183)
	4,664	4,167

Note 4 – Income tax

Reconciliation of continuing income tax expense and continuing pre-tax accounting profit

Profit from continuing operations before income tax expense	15,977	19,881
Income tax using the Group's tax rate of 30%	4,793	5,964
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit of equity accounted investments	(1,069)	(1,150)
Share based payments	93	31
Non-deductible expenses	61	276
Under/(over) provision in prior year #	(3,617)	-
Other	(172)	(183)
Income tax expense	89	4,938

New information has been obtained to facilitate an R&D tax concession claim which has given rise to an overprovision of income tax for the prior year of $2,018,188 in respect of work conducted on the research and development of certain modules within the new Enterprise Resource Planning (ERP) system currently being implemented by Ridley AgriProducts. A further $548,777 relates to the uplift from 125% to 175% in respect of the same claim as a result of the total claim exceeding the rolling three year average claim amount. It is anticipated that the completion of investigations in progress at the date of this report may lead to an adjustment to the R&D Tax concession amount incorporated within the 2009 income tax return which will form part of an amended return to be lodged in the second half of the 2011 financial year, the financial impact will be reflected in the full year accounts to 30 June 2011.

Notes to the financial statements
For the half year ended 31 December 2010

Note 5 – Changes during the period

On 31 August 2010, the Group sold its 50% interest in the Champion Liquid Feeds (**CLF**) Joint Venture. As at 30 June 2010, the Group's proportionate share of CLF Joint Venture assets and liabilities were reflected within the consolidated balance sheet numbers given that it was neither a discontinued operation nor classified as held for sale as at that date.

Note 6 – Segment reporting

Business Segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer. These reports are evaluated regularly in deciding how to allocate resources and in assessing performance.

The two reportable segments have been identified as follows:

AgriProducts	Produces and markets stock and poultry feeds, aqua-feeds, vitamin and mineral supplements and rural merchandise.
Salt	Produces, refines and markets salt and has investments in associated companies.

The basis of inter-segmental transfers is market pricing.

Notes to the financial statements
For the half year ended 31 December 2010

Note 6 – Segment reporting (continued)

31 December 2010

	SALT	AGRIPRODUCTS	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000
Sales - external	55,153	318,489	-	373,642
Sales - internal	1,558	-	(1,558)	-
Total sales revenue	**56,711**	**318,489**	**(1,558)**	**373,642**
Share of profit of equity accounted investments	3,511	42	-	3,553
Result from operations	**11,261**	**12,919**	**(3,611)**	**20,569**
Interest expense	-	-	(4,664)	(4,664)
Interest income	-	-	72	72
Reportable segment profit before income tax	**11,261**	**12,919**	**(8,203)**	**15,977**
Segment assets	252,155	230,057	11,139	493,351
Segment liabilities	13,231	92,931	98,194	204,356

Notes to the financial statements
For the half year ended 31 December 2010

Note 6 – Segment reporting (continued)

31 December 2009

	SALT	AGRIPRODUCTS	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000
Sales - external	56,896	324,889	-	381,785
Sales - internal	1,872	-	(1,872)	-
Total sales revenue	**58,768**	**324,889**	**(1,872)**	**381,785**
Share of profit of equity accounted investments	3,833	-	-	3,833
Result from operations	**13,260**	**14,054**	**(3,581)**	**23,733**
Interest expense	-	-	(4,167)	(4,167)
Interest income	-	268	47	315
Reportable segment profit before income tax	**13,260**	**14,322**	**(7,701)**	**19,881**
Segment assets	254,054	221,101	11,331	486,486
Segment liabilities	13,490	91,570	99,924	204,984

Notes to the financial statements
For the half year ended 31 December 2010

Note 7 – Dividends

	December 2010 $'000	December 2009 $'000
Dividends paid during the half year		
Final dividend paid on 30 September 2010 (2009: 16 October 2009) 3.75 cents, unfranked (2009: 3.5 cents, unfranked) per share	11,543	10,773

Dividends not recognised at half year end

In addition to the above dividends, since half year end the directors have approved payment of an interim dividend of 3.75 cents, unfranked (2009: 3.5 cents, unfranked) per fully paid share payable on 31 March 2011 (2009: 31 March 2010).

The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December, but not recognised as a liability at half year end:	11,543	10,773

No foreign conduit income is attributed to the dividend.

Note 8 – Finance Facilities

On 29 December 2010, a new bank debt facility totalling $172.5 million was established with two Australian banks, replacing the $150 million cash advance facility which was due to expire in December 2011. The facility includes a combination of term debt available to be drawn down in tranches, with a tenure of between two and four years. These unsecured bank loans are floating interest rate debt facilities. These facilities are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements. The key covenant ratios under the facility are interest cover, debt cover, gearing and consolidated net worth.

Although the new bank debt facility was executed prior to 31 December 2010, the first utilisation of the new facility only occurred on 31 January 2011 and the applicable accounting standard requires that the existing borrowings at 31 December 2010 be classified as a current liability. There have been no breaches of the covenants of either facility or any other commercial consequences as a result of the classification. This classification has resulted in a net current asset deficiency of $8.1 million at balance date, which was rectified on 31 January upon draw down under the new long term debt facility.

Note 9 – Contingencies

A controlled entity guarantees 50% of an associate's bank debt to a maximum of $590,000, this was increased during the period from the 30 June 2010 maximum of $372,000.

No other significant changes occurred in contingent liabilities or contingent assets since the last annual reporting date.

Notes to the financial statements
For the half year ended 31 December 2010

Note 10 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest December 2010	Ownership Interest December 2009	Contribution to Net Profit December 2010 $'000	Contribution to Net Profit December 2009 $'000
Jointly controlled entities:						
Western Salt Refinery Pty Ltd	Salt Production & Distribution	Australia	50%	50%	173	216
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production & Distribution	New Zealand	50%	50%	1,968	2,051
Associates:						
Salpak Pty Ltd	Salt Marketing	Australia	56%	56%	1,249	1,437
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	49%	49%	121	129
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed Production	Australia	25%	25%	42	-
Share of net profits from equity accounted investments					3,553	3,833

Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

Note 11 – Events occurring after the balance sheet date

On 21 January 2011, Ridley AgriProducts Pty Ltd announced its intention to acquire 100% of the share capital of Camilleri Stockfeeds Pty Ltd (**Camilleri**), a company involved in the business of poultry and fish rendering, which is a process which converts raw animal tissue into various protein, fat, and mineral products comprising rich granular-type meals and liquid fats with specific nutritional components that are used in the production of pet food, animal and aquaculture stockfeed. Poultry and fish meals and oils are also traded by the Camilleri business.

Subject to satisfactory completion of conditions precedent, the settlement of this business combination is expected to be on or around 28 February 2011. No further disclosures are available at the present time as the business combination will occur after the signing of this report. The acquisition will be funded through existing unsecured debt facilities.

Since half year end, severe flooding has been experienced in parts of Queensland and Victoria which impacted the operations of some sites and customers, as well as transportation routes used by the business, and Cyclones Anthony and Yasi have passed through northern Queensland. Ridley sites experienced minimal physical damage or inventory losses from these events. The full extent of any financial impact as a result of the flooding or cyclones is yet to be fully quantified and may be mitigated by insurance arrangements.

No other matters or circumstances have arisen since 31 December 2010 that have significantly affected, or may significantly affect:

(i) the consolidated entity's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Ridley Corporation Limited:

a. the financial statements and notes set out on pages 11 to 23 are in accordance with the Corporations Act 2001 including:

   i. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

   ii. giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, for the six month period ended on that date; and

b. there are reasonable grounds to believe that Ridley Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

J M SPARK
DIRECTOR

Melbourne
9 February 2011

KPMG

Independent auditor's review report to the members of Ridley Corporation Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Ridley Corporation Limited which comprises the consolidated balance sheet as at 31 December 2010, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As auditor of Ridley Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Ridley Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Paul J McDonald

Partner

Melbourne

9 February 2011