Ridley Corporation Limited

Appendix 4E Preliminary final report

ABN 33 006 708 765

Results for announcement to the market

Reporting period: Financial year ended 30 June 2011
Previous corresponding period: Financial year ended 30 June 2010
Release date: 24 August 2011

	$A'000
Revenue from continuing operations	Down 0.6% to 723,702
Profit from continuing operations after tax	Up 0.8% to 29,316
Net profit for the period attributable to members	Up 0.8% to 29,316

Dividends	Amount per security	Franked amount per security
Final dividend	3.75¢	Unfranked
Interim dividend	3.75¢	Unfranked

Record date for determining entitlements to the final dividend	Close of business on 9 September 2011

	30 June 2011	30 June 2010
Net tangible asset backing per ordinary share	0.80	0.83

Brief Explanation

See pages 2 to 7.

Audit statement

This report is based on accounts which are in the process of being audited. There is not expected to be any dispute or qualification to the Company's financial report. The audit report will be made available with the Company's financial report.

RIDLEY DELIVERS NET PROFIT OF $29.3 MILLION

Ridley Corporation Limited (**Ridley**) has recorded a consolidated profit after tax of $29.3 million for the year ended 30 June 2011 (**FY11**), with no significant items, impairments or discontinuing operations.

RESULTS SUMMARY

	2011 A$'000	2010 A$'000	Percentage change
Sales revenue	723,702	727,968	(0.6%)
Gross profit	74,876	78,774	(4.9%)
Profit before tax	30,240	38,078	(20.6%)
Profit after tax	**29,316**	**29,093**	0.8%

OPERATING RESULT

The Net Profit After Tax for the year of $29.3 million is $0.2 million ahead of last year's result despite what has been a year of sustained and adverse weather patterns that have stress tested virtually every component of the business.

Full year operational Earnings Before Interest and Tax (**EBIT**) of $39.9 million is $6.3 million down on the prior period (2010: $46.2 million). The unfavourable variances reported at half year from highly unusual and hostile weather events continued well into the second half of the year, sparing very few regions and sectors of the broader economy.

Ridley AgriProducts generated EBIT for the year of $24.9 million, which includes a positive $0.3 million from the operations and sale of its liquid feeds business at the end of August 2010 and a negative $0.5 million of costs incurred and expensed in acquiring Camilleri Stockfeeds Pty Ltd (**Camilleri**) during the year. The Camilleri EBIT contribution to the Ridley AgriProducts EBIT result for the four months since acquisition was $2.6 million. While the result is $4.1 million down on last year's record result, it is still the second highest Ridley AgriProducts result of the last decade.

The Cheetham Salt business generated EBIT before joint ventures of $14.2 million, down $2.6 million on last year and also adversely affected by the severe weather events, particularly in Queensland.

The Cheetham Salt Joint Ventures in New Zealand and Australia delivered an operating result generally consistent with the prior year, with the equity accounted Ridley consolidated group profit share for FY11 being $7.0 million (2010: $7.2 million).

Sales revenue and gross profit
Consolidated sales revenue for FY11 was $723.7 million (2010: $728.0 million), 0.6% or $4.3 million down on the prior year. Gross profit was $74.9 million, $3.9 million below last year's $78.8 million due to a less than proportional fall in cost of sales.

Profit after tax
Three material items included in the determination of profit after tax are finance costs incurred, the share of profits generated from the Cheetham Salt equity accounted investments and the taxation charge itself.

(i) Net Finance costs

The constituent elements of the finance costs and revenues for the year are as shown in the following table.

Details	**2011 A$'000**	**2010 A$'000**	**Percentage change Fav/(unfav)**
REVENUE:			
Interest received	177	158	12%
EXPENSE:			
Loan and overdraft interest	6,227	5,426	(15%)
Camilleri loan interest	733	-	-
Interest rate swaps	1,156	1,825	37%
ERP borrowing costs capitalised	-	(504)	-
Amortisation of borrowing costs:			
- old facility	336	219	(53%)
- new facility	103	-	-
Unused line and agency fees:			
- old facility	211	493	57%
- new facility	333	-	-
Trade payables facility	803	855	6%
Finance costs	**9,902**	**8,314**	**(19%)**

The finance charge for FY11 includes the acceleration of amortisation on the capitalised set up costs and final interest rate swap position payments under the banking facility which was terminated at the end of the first half year.

The trade payables financing charge of $0.8 million has been recorded on a facility which provides 180 day terms on raw materials generally imported from South America that have a significant lead time. The increase in loan and overdraft interest between years reflects a series of five successive interest rate rises which increased the base rate from the 3.5% prevailing at 1 July 2009 to the current 4.75% which was established on 2 November 2010.

(ii) Share of net profits from Joint Ventures

$7.0 million of after tax profit for the Cheetham Salt Joint Ventures has been recorded for the year which represents an aggregate EBIT of $10.3m million after adding back the relevant interest ($0.2 million) and taxation ($3.1 million) charges. FY11 EBITDA for the Joint Ventures was $11.1 million.

(iii) Income tax expense

The after tax impact of Cheetham Salt Joint Venture profits and other sundry current year tax effect items have given rise to a $4.6 million net deduction from the prima facie income tax position for the year of $9.1 million. Over provisions and amendments in respect of prior years of $6.2 million discussed below have combined to reduce the income tax expense for the year to $0.9 million.

After a detailed investigation and the completion of a significant body of work conducted both internally and externally, amended R&D Tax concession claims in respect of the 2009 and 2010 financial years were lodged during FY11.

Each of the above R&D tax concession claims, together with upward revisions to finalise investment allowances of $0.5 million and all other FY10 tax matters of $0.5 million have been recorded in the calculation of the FY11 income tax expense, and have collectively contributed to the low effective tax rate for the year of 3%. Following the clean up in FY11 of a number of prior year matters, a return to Ridley's traditional effective tax rate percentage in the mid-twenties is anticipated in future years.

Significant items, discontinued operations and impairments

There have been no items during either FY11 or the prior financial year, favourable or unfavourable that are considered to be outside of the ordinary business and thereby deserving of separate disclosure by way of significant items.

All Cash Generating Units (**CGU**s) in the Ridley consolidated group have been tested for impairment and have met their required hurdle rates to support the current carrying values.

DIVIDEND

Directors have declared a final dividend of 3.75 cents per share, payable wholly in cash and unchanged from the previous final dividend. The dividend will be payable on 30 September 2011 to shareholders on the register at 5:00 p.m. on Friday 9 September 2011. The total cash dividend payable in respect of FY11 is 7.50 cents per share. The low effective tax rate reported for FY11 will defer the payment of tax at levels that would facilitate the franking of the final dividend, however a return to the payment of franked dividends is expected for the 2012 final dividend.

CASH FLOW AND WORKING CAPITAL

The operating cash inflow before interest, dividends and taxes for the year was $43.4 million, a reduction of $5.9 million from the $49.3 million recorded in the prior year.

Net interest and other finance cost cash outflows for FY11 of $9.1 million were similar to last year's $8.6 million. Net taxes paid of $4.1 million for the year reflect the reported income tax expense and a reduction of $2.7 million from last year's net cash outflow for tax payments of $6.8 million.

After-tax cash dividend payments of $4.9 million received from the Cheetham Salt Joint Ventures in FY11 is consistent with the prior year's $5.4 million in that after tax Joint Venture profits of $2.1 million have been retained to fund the completion of the major capital works at Mount Maunganui.

Following the completion of the capital improvement projects and capitalisation phase of the ERP implementation at the end of the previous year, the total capital expenditure figure for the year fell by $10.3 million to $13.1 million, of which $3.4 million was in respect of profit improving activity.

Depreciation and amortisation for FY11 amounted to $14.2 million, and it is anticipated that profit maintaining capital expenditure will not be materially different from the depreciation and amortisation profit and loss charges in the coming years. Cash generated from operations has been used to pay $22.9 million of dividends and to fund increases in working capital which reflect higher raw materials prices and longer positions than in the prior year.

BANKING FACILITIES

As reported at the half year, on 29 December 2010, a new bank debt facility totalling $169 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 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 Ridley to comply with certain minimum financial requirements. The key covenant ratios under the facility are interest cover, debt cover, gearing and consolidated net worth, and there has been no breach of the covenants of either the old or the new facility during the financial year.

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 Ridley's assets and has resulted in a significant improvement in bank financing rates, the benefits of which will be enjoyed in FY12 and beyond.

	FY11 UNSECURED		FY10 SECURED	
	Limits	**Utilised**	Limits	Utilised
AUD	**$'000**	**$'000**	$'000	$'000
Australian dollars				
Loan	**169,000**	**114,000**	150,000	75,000
Overdraft facility	**10,000**	**-**	6,500	-
Cash	**-**	**(13,247)**	-	(7,006)
Capitalised borrowing costs	**-**	**(546)**	-	(335)
United States dollars	**4,352**	**1,932**	4,811	4,323
	183,352	**102,139**	161,311	71,982

EARNINGS PER SHARE

The underlying earnings per share of 9.5 cents per share for FY11 is consistent with the prior year.

	2011	2010
Earnings per share	**Cents**	Cents
Basic earnings per share	**9.5**	9.5

GEARING

The Ridley consolidated group gearing ratio (debt : equity) was increased in FY11 through the additional borrowing of $32.2 million required to finance the acquisition of Camilleri Stockfeeds Pty Ltd on 1 March 2011.

Dividends aside, reductions in capital expenditure between years have been offset by increases in working capital and the reduction in earnings, and these factors have combined to restrict the ability to retire debt in FY11. The closing positions at balance date are shown in the following table.

	2011 $'000	2010 $'000
Gross debt	**115,386**	78,988
Less: cash	**(13,247)**	(7,006)
Net debt	**102,139**	71,982
Total equity	**290,970**	285,157
Gearing ratio	**35.1%**	25.2%

BALANCE SHEET

The fair value accounting for the Camilleri acquisition has given rise to an increase in goodwill of $15.9 million and a contingent consideration of $2.9 million as at 30 June 2011. The fair value of Camilleri property, plant and equipment at acquisition date was $12.3 million, whilst the take on cash balance was $0.4 million. Other than movements to reflect the acquisition of Camilleri Stockfeeds, there are no material balance sheet movements between years. There has been no revaluation of property, plant and equipment during the year as this exercise was last conducted at 30 June 2009 and the valuations adopted as reflected in the accounts.

CAPITAL MOVEMENTS

During FY11 a total of 1,320,489 shares were acquired by the Company on market for $1.7 million to satisfy the issue of 777,609 shares under the Ridley Performance Rights scheme and 542,880 shares under the Ridley Employee Share Scheme. There were no movements in issued capital during either financial year.

OUTLOOK

There are a number of risks to profit to consider in FY12 emanating from the events of FY11, including anticipated third party overstocking of certain stockfeed products, higher unit cost of salt harvested in the coming year, and the impact of continued pasture on the demand for stockfeed at the start of the new Dairy season. There is however, a new-found positive sentiment within the agribusiness community derived from the recovery in milk prices, continued healthy margins in the beef, lamb and pig sectors, positive biomass growth reports from the aqua-feed sector, and continued growth in demand for poultry products.

We believe firstly that the weather events of FY11 have temporarily nudged Ridley from its long term growth trajectory, and that in many sectors it will take much of the coming year to recover operational volumes and margins lost in FY11 and to return to FY10 earnings levels. Secondly we believe that the long term outlook remains positive for Ridley and that the growth trajectory can be restored, albeit deferred by up to 12 months.

We are confident that the Camilleri acquisition will deliver its targeted return, and we will continue to look out for other bolt-on opportunities with a strategic fit and which also meet the Ridley selection criteria.

The Board is continuously considering non-operational opportunities, such as land redevelopment, aimed at maximising shareholder value.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Revenue from continuing operations	2	723,702	727,968
Cost of sales		(648,826)	(649,194)
Gross profit		74,876	78,774
Finance income		177	158
Other income	2	1,241	1,102
Expenses from continuing operations			
Selling and distribution		(13,222)	(12,777)
General and administrative		(29,346)	(28,116)
Finance costs	3	(9,902)	(8,314)
Business acquisition costs	3	(640)	-
Share of net profits from associates	8	7,056	7,251
Profit from continuing operations before income tax expense		30,240	38,078
Income tax expense		(924)	(8,985)
Net profit/(loss) after income tax attributable to members of Ridley Corporation Limited		29,316	29,093

Earnings per share

	Cents	Cents
Basic earnings per share	9.5	9.5
Diluted earnings per share	9.5	9.5

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011 $'000	2010 $'000
Net profit/(loss) after income tax attributable to members of Ridley Corporation Limited	29,316	29,093
Other comprehensive income		
Actuarial gain/(loss) on defined benefit superannuation	(243)	(140)
Income tax	73	42
Changes in the fair value of cash flow hedges	1,236	2,026
Income tax	(371)	(608)
Exchange differences on translation of foreign operations	(714)	(57)
Other comprehensive income for the year, net of tax	(19)	1,263
Total comprehensive income for the year	29,297	30,356
Total comprehensive income for the year is attributable to:		
Ridley Corporation Limited	29,297	30,356

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents		13,247	7,006
Receivables		88,969	82,031
Inventories		91,533	90,549
Total current assets		193,749	179,586
Non-current assets			
Investments accounted for using the equity method		52,486	50,324
Property, plant and equipment		233,383	225,179
Intangible assets		44,416	29,211
Total non-current assets		330,285	304,714
Total assets		524,034	484,300
Current liabilities			
Payables		92,695	96,157
Borrowings		1,932	2,064
Tax liabilities		1,551	7,329
Provisions		14,267	10,558
Derivative financial instruments		8	1,245
Total current liabilities		110,453	117,353
Non-current liabilities			
Borrowings		113,454	76,924
Deferred tax liabilities		7,835	3,868
Provisions		1,050	907
Retirement benefit obligations		272	91
Total non-current liabilities		122,611	81,790
Total liabilities		233,064	199,143
Net assets		290,970	285,157
Equity			
Share capital		237,531	237,531
Reserves		36,294	35,937
Retained profits	7	17,145	11,689
Total equity		290,970	285,157

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Receipts from customers	812,159	803,445
Payments to suppliers and employees	(769,634)	(754,941)
Dividends received	4,944	5,421
Interest received	177	158
Other revenue received	1,241	817
Interest and other costs of finance paid	(9,283)	(8,722)
Income taxes paid	(4,132)	(6,752)
Net cash inflow/(outflow) from operating activities	35,472	39,426
Cash flows from investing activities		
Acquisition of controlled entities and business operations, net of cash acquired	(32,706)	-
Payments for property, plant and equipment	(12,099)	(17,172)
Payments for intangibles	(990)	(4,950)
Proceeds from sale of joint venture operation, net of cash disposed	4,367	-
Proceeds from sale of non-current assets	127	3,010
Acquisition of investment in associate	-	(1,274)
Net cash inflow/(outflow) from investing activities	(41,301)	(20,386)
Cash flows from financing activities		
Share based payment transactions	(1,709)	(821)
Proceeds from borrowings	121,640	9,861
Repayment of borrowings	(85,000)	-
Dividends paid	(22,861)	(21,354)
Net cash inflow/(outflow) from financing activities	12,070	(12,314)
Net increase/(decrease) in cash held	6,241	6,726
Cash at the beginning of the financial year	7,006	280
Cash at the end of the financial year	13,247	7,006

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

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 1 – Basis of preparation of preliminary financial report

This report has been prepared in accordance with Australian Accounting Standards relevant to the preparation of the Appendix 4E and other mandatory professional reporting requirements for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) listing rules. The report is presented in Australian dollars.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report. The financial report has been prepared on the basis of historical cost, except for derivative financial instruments, salt fields and land and buildings which have been measured at fair value. A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

	2011 $'000	2010 $'000
Note 2 – Revenue and Other Income		
Revenue from continuing operations		
Sale of goods	723,702	727,968
Other income		
Profit on sale of joint venture operation	439	-
Rent received	69	91
Foreign exchange gains – net	190	104
Other	543	907
	1,241	1,102
Note 3 – Expenses		
Depreciation and amortisation		
Buildings	988	849
Plant and equipment	11,178	10,366
Software	2,088	1,036
	14,254	12,251
Finance costs		
Interest expense	9,463	8,599
Amortisation of borrowing costs	439	219
Capitalisation of borrowing costs	-	(504)
	9,902	8,314
Employee benefits expense	72,930	63,343
Operating lease expense	4,725	4,887
Business acquisition costs		
Legal, professional and valuation services	640	-

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 5 – Dividends

Dividends paid during the year				2011 $'000
Year ended 30 June 2011		**Dividend paid**	**Per share**	
Final dividend	Unfranked	30 September 2010	3.75 cents	11,543
Interim dividend	Unfranked	31 March 2011	3.75 cents	11,543
				23,086
				2010
Year ended 30 June 2010				$'000
Final dividend	Unfranked	16 October 2009	3.5 cents	10,773
Interim dividend	Unfranked	31 March 2010	3.5 cents	10,773
				21,546

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have approved payment of a final dividend of 3.75 cents, unfranked (2010: 3.75 cents unfranked) per fully paid share payable on 30 September 2011 (2010: 30 September 2010). The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2011, but not recognised as a liability at year end:	11,543	11,543
The estimated amount that could be distributed as dividends and be franked at 30% out of existing franking credits and out of franking credits arising from the payment of income tax provided for in the financial statements and from dividends receivable after deducting franking credits applicable to proposed dividends at balance date:	Nil	Nil

No foreign conduit income is attributed to the dividend.

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 6 – Segment reporting

30 June 2011

Business Segments	Salt	AgriProducts	Unallocated	Consolidated Total
	$'000	$'000	$'000	$'000
Sales – external	107,260	616,442	-	723,702
Sales – internal	2,848	-	(2,848)	-
Total sales revenue	**110,108**	**616,442**	**(2,848)**	**723,702**
Other revenue	298	943	-	1,241
Total revenue	**110,406**	**617,385**	**(2,848)**	**724,943**
Share of profits of equity accounted investments	7,023	33	-	7,056
Depreciation and amortisation expense	(5,644)	(8,588)	(22)	(14,254)
Interest income	-	-	177	177
Interest expense	-	-	(9,902)	(9,902)
Reportable segment profit before income tax	**21,272**	**24,886**	**(15,918)**	**30,240**
Segment assets	199,923	259,525	12,100	471,548
Investments accounted for using the equity method	50,243	2,243	-	52,486
Total segment assets	250,166	261,768	12,100	524,034
Segment liabilities	12,412	94,334	126,318	233,064
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	4,751	8,171	167	13,089

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 6 – Segment reporting (continued)

30 June 2010

Business Segments	Salt	AgriProducts	Unallocated	Consolidated Total
	$'000	$'000	$'000	$'000
Sales – external	107,945	620,023	-	727,968
Sales – internal	3,517	-	(3,517)	-
Total sales revenue	**111,462**	**620,023**	**(3,517)**	**727,968**
Other revenue	709	393	-	1,102
Total revenue	**112,171**	**620,416**	**(3,517)**	**729,070**
Share of profits of equity accounted investments	7,251	-	-	7,251
Depreciation and amortisation expense	(4,561)	(7,605)	(85)	(12,251)
Interest income	-	-	158	158
Interest expense	-	-	(8,314)	(8,314)
Reportable segment profit before income tax	**24,020**	**28,973**	**(14,914)**	**38,079**
Segment assets	200,562	225,876	7,539	433,976
Investments accounted for using the equity method	48,164	2,160	-	50,324
Total segment assets	248,726	228,036	7,539	484,300
Segment liabilities	12,332	92,363	94,448	199,143
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets(excluding the impact of business combinations)	10,580	12,768	48	23,396

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 7 – Retained profits

	2011 $'000	2010 $'000
Balance at 1 July	11,689	5,520
Actuarial (losses)/gains on defined benefit superannuation – net of tax	(170)	(98)
Net profit for the year	29,316	29,093
Dividends paid	(23,086)	(21,546)
Transfer to asset revaluation reserve	-	(1,280)
Transfer from share based payments reserve	(604)	-
Balance at 30 June	17,145	11,689

Note 8 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Profit	
			2011	2010	2011 $'000	2010 $'000
Salpak Pty Ltd	Salt Marketing	Australia	56%	56%	2,600	2,750
Western Salt Refinery Pty Ltd	Salt Production and Distribution	Australia	50%	50%	304	374
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production and Distribution	New Zealand	50%	50%	3,871	3,890
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	49%	49%	248	237
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed Production	Australia	25%	25%	33	-
TOTAL					7,056	7,251

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 9 – Acquisitions

On 1 March 2011 the Group acquired 100% of the share capital of Camilleri Stockfeeds Pty Ltd (**Camilleri**), a company in the business of poultry and fish rendering, a process which converts raw animal tissue into various protein, fat and mineral products that are used in the production of pet food, animal and aquaculture stockfeed. The acquisition provides the Group with a business that is highly compatible with its core agribusiness activities and the Group expects it will provide synergies with Ridley Aqua-Feed.

In the four months to 30 June 2011 Camilleri contributed $13.1 million of revenue and profit of $1.4 million to the consolidated results. If the acquisition had occurred on 1 July 2010, management estimates that consolidated revenue would have been $31.1 million and consolidated profit from the period would have been $5.9 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2010.

The following summarises the major classes of consideration transferred, and the recognised amount of assets and liabilities assumed at the acquisition date:

Consideration
$'000

Cash	31,162
Equity instruments (795,039 shares)[1]	1,000
Contingent cash consideration	2,860
	35,022

[1] The shares were purchased by the Company on market and transferred to one of the vendors. The fair value of the ordinary shares issued was based on the 20 day Volume Weighted Average Price (VWAP) of the Company's traded shares of $1.2578 for the 20 business days prior to the acquisition date.

Contingent Consideration

The Company agreed to pay the selling shareholders up to $3.0 million of contingent consideration during the year ending 30 June 2012 subject to the acquiree reaching earnings performance targets for the first twelve months after 1 March 2011. An amount of $2.86 million has been included as contingent consideration, which represents its fair value at acquisition date, based on a discount rate of 4.9%. At 30 June 2011, the contingent consideration had increased to $2.91 million, reflecting the unwind of the discount since acquisition.

Identifiable assets acquired and liabilities assumed, and attributable goodwill

The following fair values have been determined by the Ridley Board of Directors following an independent review undertaken by Deloitte, and independent valuations of property undertaken by Jones Lang Lasalle and plant and equipment by American Appraisals. Inventory of finished goods has been fair valued at selling prices less the costs of disposal and an estimate of the reasonable profit margin for the selling effort of the acquirer.

	2011 $'000
Cash and bank balances	359
Property, plant and equipment	12,253
Trade and other receivables	5,841
Inventories	3,113
Trade and other payables	(796)
Employee entitlement provisions	(259)
Tax liabilities	(1,360)

Extract of notes to the financial statements
For the year ended 30 June 2011

Note 9 – Acquisition of subsidiary (continued)

Total net identifiable assets	19,151
Consideration	35,022
Goodwill	15,871

The goodwill is attributable mainly to the rendering and blending skills of the Camilleri management and workforce together with the synergies expected to be achieved from integrating the business with the Ridley Agriproducts stockfeed Nutrition team and Ridley Aqua-Feed business. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition of business assets and liabilities

Ridley AgriProducts Pty Ltd acquired the assets and liabilities of Primo Aquaculture Pty Ltd for $1.0 million, this resulted in goodwill of $0.5 million. Primo holds an import licence for a key ingredient in fish hatchlings feed, a market segment in which Ridley AgriProducts Pty Ltd did not have a presence in.

Transactions separate from the acquisitions

The Group incurred acquisition related costs of $0.6 million relating to external legal fees and due diligence costs. These legal fees and due diligence costs have been included as business acquisition costs in the Group's Consolidated Income Statement for the year ended 30 June 2011.

Note 10 – Earnings per share

	2011		2010	
	Earnings per share		Earnings per share	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share	29,316	29,316	29,093	29,093

Weighted average number of shares

	Basic	Diluted	Basic	Diluted
Weighted average number of shares used in calculating basic and diluted earnings per share	307,817,071	307,817,071	307,817,071	307,817,071

Note 11 – Events occurring after the balance sheet date

No other matters of circumstances have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

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