
RIDLEY
Annual Report
2011

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2011 features

- $29.3 million after tax result for the year.
- Operations severely affected by weather events.
- Acquisition of Camilleri Stockfeeds.
- Earnings per share of 9.5 cents.
- Strong conversion of earnings to cash.

About the Company

Ridley Corporation proudly stands as an Australian owned company running two successful businesses, Ridley AgriProducts, the country's largest commercial provider of high performance animal nutrition solutions, and Cheetham Salt, Australia's largest producer and refiner of value added solar salt.

Ridley AgriProducts

Leading the industry in high quality, value added stockfeed. As one of the largest domestic consumers of Australian grown cereal grains, we are continually supporting primary producers and rural communities. Ridley AgriProducts prides itself on providing premier products and service to animal producers, consistently delivering quality goods and adding value to customers. The operation supports the major food producers in the beef, dairy, poultry, pig, sheep, and aquaculture industries, laboratory animals and the equine and canines in the recreational sector. Major brands include Barastoc, Rumevite, Cobber and Ridley Aqua-Feed.

Cheetham Salt

The largest producer and refiner of solar salt in Australia. Cheetham Salt prides itself on offering superior value-added products and services to a large range of market segments, and strives to deliver world class quality to industries such as water treatment, food manufacturing and the pool sector. With a comprehensive technical knowledge about salt production, a sound infrastructure and distribution network, Cheetham Salt is well positioned to supply products throughout the Asia Pacific region. Major brands include Mermaid, Kooka, Crown and Saxa (through its 49% owned associate Salpak).

Five Year Summary

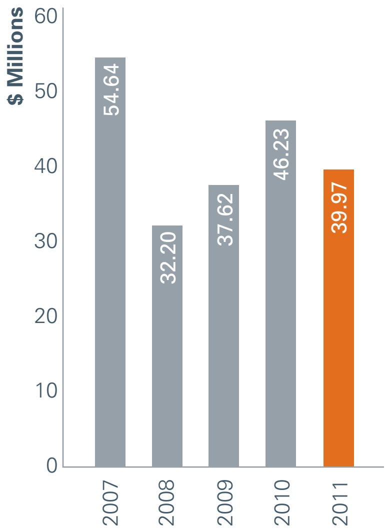
A'000 Unless Otherwise Stated	Actual 2011	Actual 2010	Normalised 2009~	Actual 2009	Actual 2008	Actual 2007
Operating results						
Revenue	**723,702**	727,968	819,436	819,436	1,546,649	1,439,826
Other income	**1,241**	1,102	1,379	1,379	1,995	3,960
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	**54,218**	58,486	55,509	48,709	44,038	77,327
Earnings before interest and tax (EBIT)*	**39,965**	46,234	44,424	37,624	32,198	54,636
Net interest expense/finance charge	**9,725**	8,156	8,000#	12,428	14,700	14,144
Operating profit before tax*	**30,240**	38,078	36,424	25,194	17,496	40,492
Tax expense	**924**	8,985	8,281	4,881	1,583	10,738
Net profit before significant items	**29,316**	29,093	28,142	20,313	15,913	29,754
Minority interest (MI)	**-**	-	-	-	2,270	4,115
Net profit before significant items after MI	**29,316**	29,093	28,142	20,313	13,643	25,639
Significant items – net of tax and MI	**-**	-	(7,404)	(7,404)	(10,357)	(2,966)
Net profit after tax and significant items	**29,316**	29,093	20,738	12,909	3,286	22,673
Loss on sale of Ridley Inc	**-**	-	(52,442)	(52,442)	7,219	-
Profit/loss attributable to members	**29,316**	29,093	(31,704)	(39,533)	10,505	22,673
Financial position						Ridley
Shareholders' funds	**290,970**	285,157	276,211	276,211	320,519	335,797
Minority interest	**-**	-	-	-	48,925	52,433
Total assets	**524,034**	484,300	468,621	468,621	803,502	788,524
Total liabilities	**233,064**	199,143	192,410	192,410	434,058	400,294
Net debt	**102,139**	71,981	69,414	69,414	199,246	171,847
Market capitalisation	**378,615**	353,990	236,402	236,402	344,767	334,085
Enterprise value	**480,754**	425,971	305,803	305,803	544,013	505,932
Operating cash flow	**35,472**	39,426	52,966	52,966	16,424	37,384
Closing share price (cents)	**123.00**	115.00	78.00	78.00	116.50	116.00
Weighted average number of shares on issue – non-diluted (thousands)	**307,817**	307,817	303,080	303,080	295,938	288,004
Number of employees (number)	**948**	974	931	931	2,063	2,117
Key profitability ratios						
Return on shareholders' funds (%) before significant items*	**10.2%**	10.4%	9.4%	6.8%	4.2%	7.6%
Earnings per share (EPS) (cents) before significant items and discontinued operation*	**9.5**	9.5	9.3	6.8	1.9	8.9
EPS growth (%)	**1.1%**	39.7%	389.5%	257.9%	-78.7%	-10.9%
EBIT growth (%)	**-14%**	23%	38%	17%	-41%	-8%
Operating cash flow/EBITDA (times)	**0.65**	0.67	0.95	1.09	0.37	0.48
Operating cash flow per share (cents)	**0.12**	0.13	0.18	0.18	0.06	0.13
Market capitalisation/operating cash flow (times)	**10.7**	9.0	4.4	4.4	21.0	8.9
EBIT per employee (A$'000)	**42.2**	47.5	47.7	40.4	15.6	25.8
Capital market and structure ratios						
EBITx (market cap/EBIT)	**9.5x**	7.7x	5.3x	6.3x	10.7x	6.1x
EBITDA per share (cents)*	**17.6**	19.0	18.6	16.3	14.9	26.8
EBITDA growth (%)	**-7%**	20%	26%	34%	-43%	-5%
EBITDAx (market cap/EBITDA)	**7.0x**	6.0x	4.2x	4.7x	7.8x	4.3x
Enterprise value/EBITDA (multiple)*	**8.9**	7.3	5.5	6.3	12.4	6.5
P/E ratio (times)	**12.9**	12.2	8.4	18.3	61.3	13.0
Net debt/shareholders' equity (%)	**35.1%**	25.2%	25.1%	25.1%	53.9%	44.3%
Equity/total assets (%)	**55.5%**	58.9%	58.9%	58.9%	39.9%	42.6%
Net debt/EBITDA (times)*	**1.9**	1.2	1.3	1.4	4.5	2.2
EBIT/net interest (times)	**4.1**	5.7	5.6	3.0	2.2	3.9
Net tangible asset backing per share (cents)	**80.1**	83.1	83.3	83.3	91.0	98.3
Dividends per share (cents)	**7.50**	7.25	7.00	7.00	7.00	7.00
Dividend payout ratio (%)*	**79%**	77%	75%	104%	195%	88%
Percentage franked (%)	**Nil**	Nil	Nil	Nil	50%	50%

* Before significant items but after equity accounted investments.

Interest – normalised at an assumed $8 million for reduced net debt balance over full year (post sale of Ridley Inc).

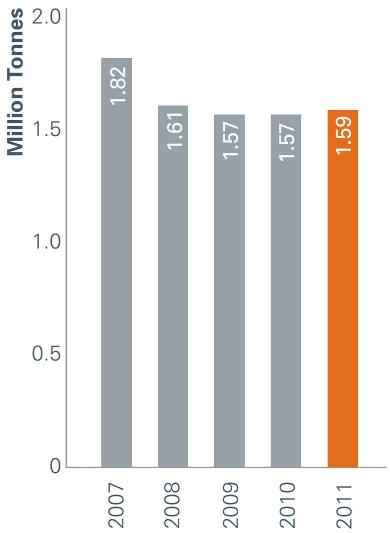
~ 2009 actual results normalised to reflect full year outcomes of 2009 debt retirement ($4.4 million), AgriProducts cost saving initiatives ($2.0 million), Cheetham crude salt write-offs ($3.5 million) and ERP write-offs ($1.3 million), minus the aggregate tax effect ($3.4 million).

Consolidated operating EBIT*

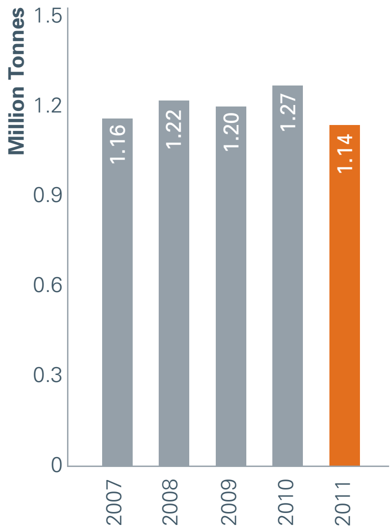


*Before significant items and 2009 exclusive Ridley Inc.

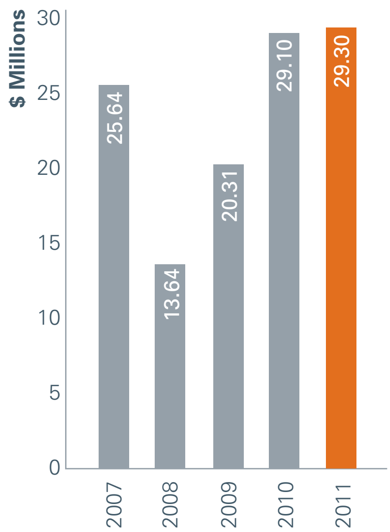
Ridley AgriProducts volume



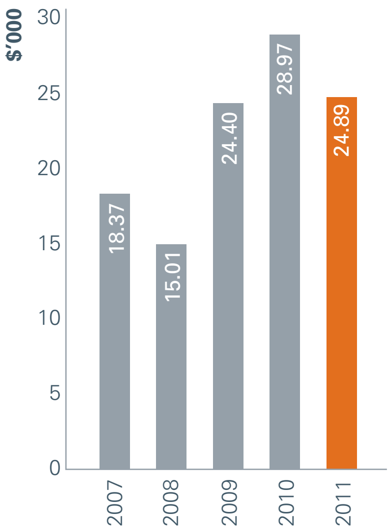
Cheetham Salt volume



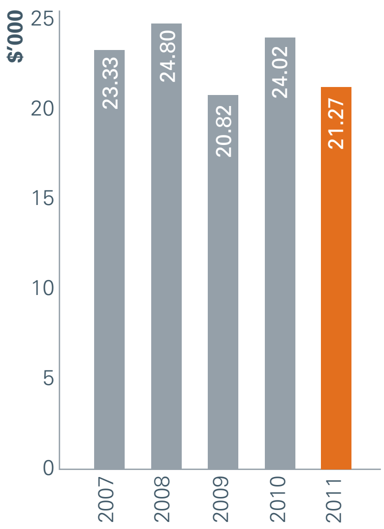
Consolidated net profit
(2009 from continuing operations)



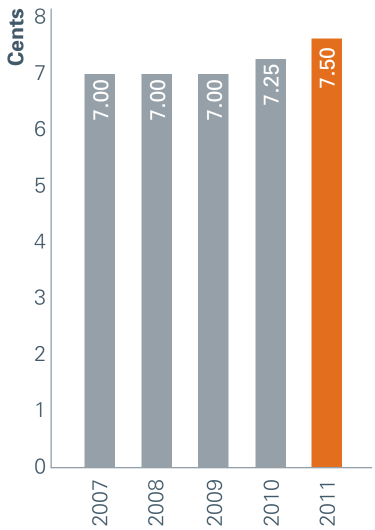
Ridley AgriProducts operating EBIT



Cheetham Salt operating EBIT
and equity accounted investments



Consolidated dividends per share




BALANCED NUTRITION
FOR FAMILY PETS
BALANCED NUTRITION
FOR FAMILY PETS
BALANCED NUTRITION
FOR FAMILY PETS
COBBER
FAMILY-Pet
FAMILY-Pet

Chairman's Address

John M Spark – Chair

What a challenging set of circumstances we have experienced in my first year in the Chair at Ridley. When I took over from the retiring Dr John Keniry as Chair of Ridley in November 2010, we had already experienced several months of well above average rainfall virtually throughout the eastern states of Australia. Little did we know what was to come in the months ahead.

Weather

Extreme levels of rainfall occurred across much of eastern and northern Australia during the last year and led to widespread flooding in many regions. Rainfall records were repetitively broken, and Cyclone Yasi, which in February 2011 ripped through north Queensland and impacted the town of Bowen, where we have an operational salt field, is possibly the strongest cyclone to make landfall in Queensland since 1918.

Financial

Against this backdrop, the operations of each of the stockfeed and salt businesses have shown great resilience and delivered what we consider to be a robust result in the prevailing circumstances.

The operational results have been boosted by bank refinancing and one off tax initiatives that have delivered an after tax result of $29.3 million, slightly up on last year.

People

In my first year as Chair I have witnessed Ridley personnel operate under situations of extreme pressure, and I have gained great confidence in their flexibility and capacity to manage the business effectively and efficiently, and to deliver the organic growth for which we have been planning throughout the last three years. With a return to more normal seasonal factors, the outlook for Ridley remains bright.

Dividend

Directors have declared an unfranked final dividend of 3.75 cents per share which brings the total dividend for the year to 7.50 cents, up 0.25 cents from the prior year and reflective of the Directors' continuing confidence in the underlying strength of the business. The final dividend will be payable wholly in cash by 30 September 2011 and funded from the operating cash flows generated for the year. A return to partially franked dividends is now anticipated for the 2012 financial year.

The Board

It would be remiss of me not to thank retired Chair Dr John Keniry for his contribution to Ridley over a period spanning more than two decades. John stepped down from the Chair and the Board at the 2010 Annual General Meeting, and he has been an invaluable source of guidance, wisdom and support throughout his longstanding association with the business.

Positive contributions to the Board have been made during the year from Professor van Barneveld and Dr Weiss following their appointment in June 2010, and their backgrounds further complement the skill sets of the restructured Board.

It was pleasing to announce during the year the extension of Managing Director John Murray's employment contract to November 2014. John's leadership and vision have been instrumental in the turnaround of Ridley fortunes in the last three years and his retention is seen by the Board as a critical component for the future success of the Company.

Acquisition

It was also pleasing in the year to finally secure an acquisition of a scale that we have been referring to as 'bolt-on', and in Camilleri Stockfeeds Pty Ltd we believe we have secured a tremendous business, integral to Ridley AgriProducts' existing business, with strong cash conversion and growth opportunities, and a highly innovative and charismatic entrepreneur in Managing Director Kevin Pratt.

At the 2010 Annual General Meeting, it was suggested that two out of the three arms of the three year strategic plan, being the divestment of Ridley Inc. and adoption of initiatives to address underperforming assets, had been accomplished. Despite the deferral of the redevelopment of the Dry Creek salt field site, the third arm of the strategy to realise value from surplus land holdings is reported as progressing well.

Chairman's Address continued

Strategic priorities

In the period since November 2010 we have been reassessing the next stage of Ridley's development and resetting the strategic priorities going forward. In August 2011 we announced the following areas of focus:

- agribusiness consolidation;
- Asian expansion;
- feedstock operational improvement; and
- property redevelopment.

The consolidation of agribusinesses that is currently occurring within Australia provides some obvious, and other not so obvious, opportunities for participation by Ridley. Whilst there are stringent hurdles to be overcome before referral of any targeted transaction to the Ridley Board, we remain extensively engaged in the identification and pursuit of not only other bolt-on, but also industry consolidation, opportunities that have a strong commercial rationale, are closely aligned with our core competencies, appropriately priced, and possess strong cash flow conversion metrics.

Indonesia is viewed by Ridley as our country of choice through which to expand our operations into Asia, and we are not only looking to grow our existing operations there but also contemplating the construction and operation of a commercial scale salt field in full cooperation with the Indonesian Government, which has publicly expressed its frustration with, and a strong desire to reduce, Indonesia's dependence upon imported salt.

The last two years have absorbed time and resources to implement the new Enterprise Resource Planning (ERP) system in Ridley AgriProducts, and as soon as the new system is fully implemented and has been bedded down, the strategic objective for the management team is to identify and execute opportunities to improve operational performance. There are a number of levers available to increase mill utilisation and reduce the unit cost of production to generate margin improvement and the ability to aggressively target new business.

Pursuant to the continuation of the long term strategy to create shareholder value from the redevelopment of surplus land holdings, we are currently working very extensively on a number of other potential surplus land opportunities, particularly in the Geelong area for the Lara and Moolap sites. Whilst it is far too premature to predict any outcomes for these activities, the Board remains confident in being able to realise significant upside for shareholders in the long term.

Outlook

We will continue to review the structure of the Ridley group as we progress with improving our stockfeed and salt businesses and realising shareholder value on our surplus properties.

I believe that the overall outlook for agriculture must be bright, as increases in world population raise the profile of food security and place upward pressure on arable land, food demand and prices. I also believe that Ridley has now transformed itself to become the most reliable performer and converter of earnings to cash in the agribusiness sector, and that it is implementing the appropriate measures to generate strong growth over the next three years.

John M Spark
Chair

Cheetham Salt Limited
Sunray
Swimming Pool
Salt
25kg NET
WARNING
In Your Pool
A Little Drop Of Ocean
In Your Pool

Managing Director's Review

John Murray – Managing Director and Chief Executive Officer

In a highly challenging year of very unusual seasonal conditions, each of our operations has learned a great deal, shown great resilience, and contributed to what the Ridley Board considers to be a solid consolidated after tax result of $29.3 million.

We started the 2011 year full of optimism that our plans would deliver a third successive record result for Ridley AgriProducts plus the step up in earnings for Cheetham Salt generated from the conclusion of its three year transformation program. This confidence was based on the work that had been undertaken over the previous two years to establish the framework and platform for sustainable, long term organic growth.

By the end of the first quarter, it became increasingly apparent that the year was anything but normal and that the best laid growth plans would require amendment and, in certain cases, deferral to be replaced by the implementation of contingency back up plans.

Prior to the widespread flooding which commenced in December 2010, 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, 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.

We estimate that the overall financial impact from the combination of all weather-related events as noted above, including the loss of sales to customers due to their inability to receive supply, is a reduction in earnings of $8.5 million from the prior year.

Despite these extreme circumstances, we demonstrated significant resilience to produce a credible result of $29.3 million, albeit significantly below our internal budget targets but nevertheless an increase of $0.2 million on last year at the NPAT level.

The bottom line profit was achieved through a refinancing of the group banking facility and the acquisition of Camilleri Stockfeeds Pty Ltd, the full year benefits from which will be

realised in the coming years, and from some once only prior year tax adjustments.

2011 learnings

We have learnt a great deal from the 2011 financial year. Firstly, that our people are dedicated, resourceful and innovative, and have the correct prioritisation to maintain at all times the safety and wellbeing of all our staff and people and businesses interacting with Ridley. Plans were quickly developed to avoid emerging crises caused by severe weather events and associated inundation of third party businesses and transportation and access routes. One such plan was executed through the provision of local temporary accommodation and ferry-in, ferry-out access by sea for production workers at the otherwise isolated Bajool refinery.

The second learning from the year was in respect of our contingency plans, which were deployed in many geographic and operational sectors of the Ridley business. The practicality and completeness of many plans have been stress tested and in the main, proved to be robust. A number of improvements have been identified which will enhance the response capability as may be required in the future.

The third major learning for the year was that our feedmills were historically sited at appropriate locations, generally on higher ground such that there was no inundation experienced at any Ridley feedmill during the periods of widespread flooding.

Whilst the risk mitigation afforded by the breadth of coverage in the eastern states which enabled Ridley to maintain continuity of supply to all feedstock customers was no surprise, additional knowledge was gained with regard to key transportation routes, logistics and replenishment, and this information is being used as part of a strategic review of feedmill operations in South East Queensland and New South Wales.

A learning for the Cheetham Salt business is that with such extreme weather patterns, which includes prolonged periods of heavy rainfall in addition to the inundation of Queensland salt fields, there will inevitably be a dilution of brine in the crystalliser ponds despite the successful implementation of severe weather management plans. Such dilution will necessitate additional evaporation time and set back the harvest timing, thereby increasing the unit cost of salt when harvested. A review of the poor harvest performance of the Bowen salt field over the last decade has prompted a review of the long term future of the site and examination of opportunities for its alternative use.

Adverse weather conditions aside, I am delighted to be able to report a second successive clean and transparent result, where the financial consequences of all events that have occurred during the year, both favourable and unfavourable, are reported simply as operational outcomes.

Ridley AgriProducts

In August 2010 we reported a second successive record result of $29.0 million for the Ridley AgriProducts business. For the 2011 financial year, Ridley AgriProducts has delivered a result of $24.9 million, still its second best result of the last decade. The abundance of widespread pasture throughout the year provided a low cost alternative to supplementary feeding, of which the commercial and recreational animal owners took full advantage.

The expected upturn in the dairy sector failed to gather momentum, although the recovery of milk prices has given dairy farmers a renewed confidence of outlook which is anticipated to translate to a stronger performance in the coming year.

The loss of higher margin, shorter production run, pig volume in 2011 has been partially compensated by an increase in lower margin, longer production run, poultry volume.

The successful implementation of the turnaround strategy for the Supplements business which delivered a positive result in the prior year, suffered a set back with the plummet in demand for supplementary feed solutions. Despite capturing market share and scaling back operations to minimise variable costs, a loss for the Supplements business was recorded for the year. An internal working group has consequently been established to review the long term future of this business.

Deemed to be a non-core component of the Ridley AgriProducts portfolio, Ridley's share of its liquid feeds business was sold at the end of August 2010. The two months operating result and sale transaction combined to generate an earnings contribution of $0.3 million, and is incorporated within the full year result. Net proceeds of $4.4 million were received from the sale.

Internal resources previously seconded to the implementation of the new Enterprise Resource Planning (**ERP**) system for the Ridley AgriProducts business and their costs capitalised into the project cost, returned to their business unit at the start of the 2011 financial year. Associated costs of $0.8 million incurred during the year, plus an additional $1.5 million of amortisation of the new ERP system, have consequently been brought to account within the 2011 EBIT result.

Camilleri Stockfeeds Pty Ltd

On 1 March 2011 we were delighted to announce completion of the acquisition of Camilleri Stockfeeds Pty Ltd (**Camilleri**). Highly compatible with Ridley AgriProducts, Camilleri's largest customer prior to the acquisition, this poultry and fish rendering business has a proven track record for quality and reliability, and an entrepreneurial and innovative Managing Director whose retention in the business was a critical factor for Ridley to proceed with the transaction.

The total outlay of just over $35 million, of which $3 million is deferred for 12 months, has been financed through the new banking arrangements entered into during the year and covered in more detail in the Financial Review section of this annual report. The adoption of fair values for the net assets acquired as at the date of acquisition gave rise to transaction-related goodwill of $15.9 million.

Included in the Ridley AgriProducts result is an EBIT contribution from Camilleri of $2.6 million for the four months ended 30 June 2011.

Cheetham Salt

In 2010, the Cheetham Salt earnings of $24.0 million, including its joint ventures, represented a return to historical operating levels. At the start of the 2011 financial year, Cheetham Salt was well positioned to achieve the step up in operational performance expected from the Bajool and Indonesian refinery capital projects undertaken as part of the refinery rationalisation strategy embarked upon in 2008.

The 2011 Cheetham Salt result excluding joint ventures of $14.2 million incorporates freight and supply chain savings of $0.7 million associated with being able to service the Queensland pool market from Queensland rather than South Australia, offset by a significant reduction in demand for salt from the stockfeed sector for the reasons noted above. Increased demand for pool salt has been offset by subdued demand for soda ash and the timing of shipments to the chlor-alkali sector. The Cheetham Salt joint ventures delivered an after tax result of $7.0 million, down slightly on last year's $7.2 million.

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

Although the Bajool refinery demonstrated continued improvement in production towards nameplate capacity during the year, it was hampered by a number of unforeseen issues, many of which related to moisture associated with the persistent rainfall in the region, whilst others resulted in changes to production processes which will have a positive impact in the coming year.

Property development

In addition to the core business, Ridley continues to concurrently pursue long term options to unlock the value of its surplus land holdings.

On 22 October 2010 we simultaneously announced the viability and deferral of the redevelopment of the Dry Creek salt fields into a residential community. The decision not to proceed was made due to the costs and complications of relocating the Dry Creek salt fields in order to continue to supply salt under the long term supply agreement with Penrice Soda Holdings. Ridley remains confident that the redevelopment will occur in the future and that the potential value from a redevelopment into a master planned, residential mixed-use community will create significant long term shareholder value at that time.

The Moolap and Lara salt field sites near Geelong in Victoria have been a major focus during the year. Preliminary investigations are underway to determine the potential redevelopment value of these two sites which are now surplus to Cheetham Salt's ongoing salt production requirements and which are strategically located on Corio Bay close to Geelong's central business district and Avalon airport respectively.

Safety

Adherence to the maxim that no workplace task should be undertaken unless it can be accomplished safely, has helped generate a third successive annual reduction in lost time through injury, however there always remains room for further improvement whilst lost time is any figure above zero.

Whilst any injury in the workplace is always disturbing, the occurrence of a fatality in the workplace during the year was a highly distressing event. Our sincere condolences go to the family of the contractor electrocuted in a workplace accident at the Townsville site in March 2011. A thorough investigation has been undertaken and although the cause of the accident is inconclusive, additional safety actions have been taken at all sites.

Highly challenging safety targets have again been set for the 2012 financial year as a key performance measure for all operational managers throughout Ridley.

Cash flow

Despite a reduction in EBIT of $6.3 million compared to the prior year, Ridley has generated a cash flow from operations before interest, dividends and tax of $43.4 million which, whilst a decrease of $5.9 million over last year's $49.3 million, is a further demonstration of a high conversion of earnings to cash.

With a capital expenditure outlay of only $13.1 million for the year compared to $23.4 million in the prior year, $10.3 million of funds have effectively been retained within the business on a year by year comparison. Depreciation and amortisation for the 2011 year was $14.2 million.

Further organic growth and the integration of the Camilleri rendering business are expected to continue to deliver strong cash conversion in the coming years.

Our People

The new management team was established in structure last year and tested in earnest in the 2011 year. Conditions were experienced in 2011 that had been neither witnessed by the current generation of employees nor covered in documentation left by the prior generation.

I take great heart from the actions and leadership shown by the entire management team and believe there are many positives that we collectively take from the experiences of the 2011 financial year and that will hold us in good stead in the future.

For the first seven months of the year Anne-Marie Mooney, our Group General Manager Commercial and leader of the Human Resources team, was on maternity leave. We were delighted both on the safe arrival of the new addition to the Mooney family and on Anne-Marie's return to a four day week in early February 2011.

One of Anne-Marie's first projects after her return has been to lead the organisation from first-hand experience through the gender diversity issues and to establish a Paid Parental Leave policy for the Ridley group. More details of each of these developments are provided in the Our People section of this annual report.

All businesses need to be robust enough to cope with whatever economic and environmental challenges they are confronted with. Ridley certainly has had a year of highly unusual weather challenges and these, coupled with the strain placed on resources by the ERP roll out, have created conditions not conducive to delivering a strong operating result. I congratulate Ridley employees and associates on achieving the result that we have this year and on behalf of the Board, management and shareholders, I thank all our people for their continuing efforts.

Outlook

Although our operational EBIT result was disappointing in 2011, we were able to offset this with a much lower effective tax rate achieved through a number of adjustments to prior year tax returns.

There are a number of risks to profit to consider in 2012 emanating from the events of 2011, 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 2011 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 2011 and to return to 2010 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.

There are a number of non-operational opportunities, such as the land redevelopment at Moolap and Lara, that we will continue to progress in 2012 but which may be longer term prospects in order to maximise shareholder value.

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.

Much has been achieved over the last 24 months to transform Ridley into a reliable and stable performer, far less exposed than our sector participants to the economic and climatic fluctuations that appear to be a permanent feature of the modern day global environment. Significant opportunities for further improvement still clearly exist and our focus is to strive to convert these opportunities to sustainable earnings such that Ridley can be viewed by the market as the safe haven of the sector and worthy of a major market re-rating.

J. Murray

John Murray
Managing Director
and Chief Executive Officer


Cheetham Salt
MERMAID
FINEST
Cheetham Salt
MERMAID
FINEST
SWIMMING POOL SALT
20KG NET

Financial Review

Alan Boyd – Chief Financial Officer and Company Secretary

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.

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 $724 million (2010: $728 million), 0.6% or $4 million down on the prior year. A gross profit of $74.9 million was recorded, $3.9 million below last year's $78.8 million due to a slightly 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 table at the top of the following page.

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.

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%

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%)

(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 $10.3 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. Overprovisions and amendments in respect of prior years of $6.2 million discussed in detail below have combined to reduce the income tax expense for the year to $0.9 million.

After detailed investigation and the completion of a significant body of work conducted both internally and externally, amended research and development (**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 20s 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 (**CGUs**) 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 (refer note 7 to the accounts). The dividend will be payable on 30 September 2011 to shareholders on the register at 5.00pm 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 for the year of $43.4 million before interest, dividends and taxes, was 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 the acquisition of Camilleri in FY11.

Banking facilities

As reported at the half year, on 29 December 2010, a new bank debt facility totalling $169 million plus an overdraft of $10 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.

AUD	2011 Unsecured Limits $'000	2011 Unsecured Utilised $'000	2010 Secured Limits $'000	2010 Secured Utilised $'000
Australian dollar loans	**169,000**	**114,000**	150,000	75,000
Australian dollar overdrafts	**10,000**	**-**	6,500	-
Cash and bank balances	**-**	**(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

The key covenants 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 and has resulted in a significant improvement in bank financing rates, the benefits of which will be enjoyed in FY12 and beyond.

Earnings per share

The underlying earnings per share of 9.5 cents for FY11 is consistent with the prior year (refer note 29 to the accounts).

Earnings per share	2011 Cents	2010 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 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, 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 $1.0 million to satisfy the issue of 777,609 shares under the Ridley Performance Rights Scheme and 542,880 shares for a total of $0.7 million under the Ridley Employee Share Scheme. There were no movements in issued capital during either financial year (refer note 15 to the accounts).

Alan Boyd
Chief Financial Officer and
Company Secretary

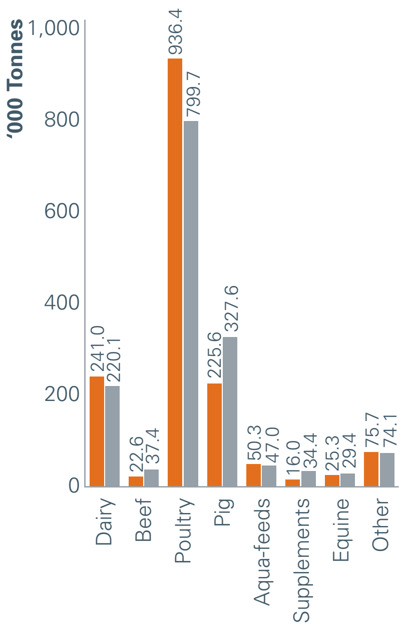
Ridley AgriProducts

Peter Weaver – Chief Executive Officer, Ridley AgriProducts

2011 highlights

- Poultry revenue and tonnage up.
- Dairy sector on the road to recovery.
- Acquisition of Camilleri Stockfeeds.
- Roll out of ERP system.
- Increase in focus on innovation.

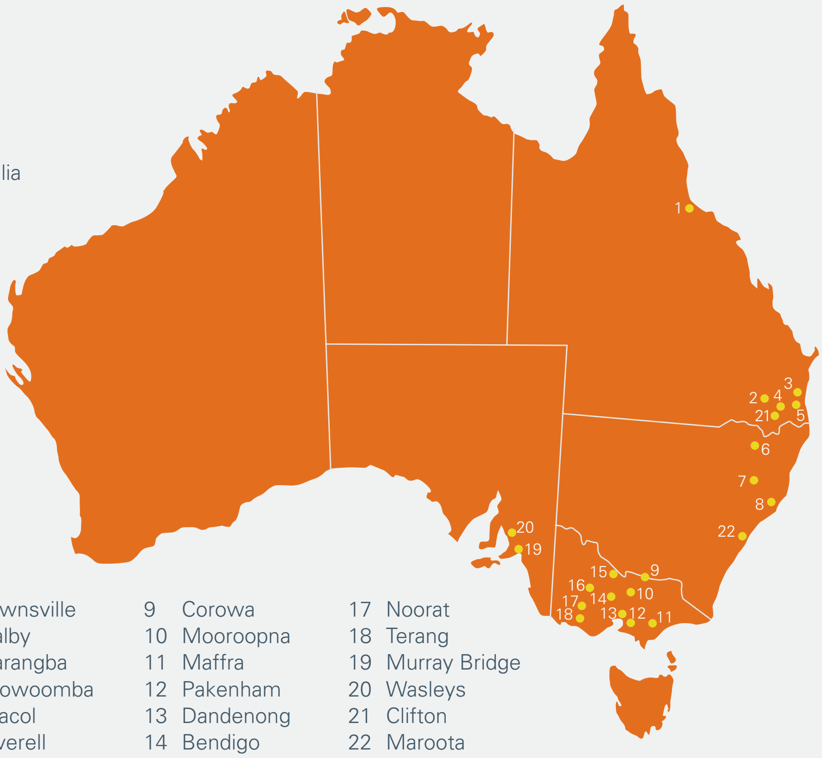
Australia feeds



Including sales of Packaged Products.

Ridley AgriProducts operations

Australia



1	Townsville	9	Corowa	17	Noorat
2	Dalby	10	Mooroopna	18	Terang
3	Narangba	11	Maffra	19	Murray Bridge
4	Toowoomba	12	Pakenham	20	Wasleys
5	Wacol	13	Dandenong	21	Clifton
6	Inverell	14	Bendigo	22	Maroota
7	Tamworth	15	Gunbower		
8	Taree	16	St Arnaud		

Operating result

Ridley AgriProducts recorded an earnings before interest and tax (EBIT) of $24.9 million for FY11, a decrease of $4.1 million from the previous year's record result of $29.0 million.

In a year of extreme conditions, the vast majority of which have been unfavourable to the main sectors of Ridley operations, this is a resilient result and one that demonstrates the value of the initiatives undertaken in this business over the past three years.

The persistent rainfall throughout the Eastern states, in many areas at levels not witnessed for 50 years, produced an abundance of pasture and thereby a low cost alternative feed solution for our customers. Sales volumes in the dairy sector, Supplements business, and through the regional retail outlets for Packaged Products, were all adversely affected as a result. The rate of recovery in the dairy sector from the depressed conditions of the prior year was significantly below expectations as a consequence of these sustained periods of unusually high rainfall.

The widespread flooding in December 2010 and January 2011 adversely affected the operating result for the year by an estimated $6.6 million, either through incremental costs incurred by Ridley or lost sales from customers whose operations were impacted by inundation or logistical issues.

Overall sales for FY11 of $616.4 million were only $3.6 million (0.6%) down on last year, and including Packaged Products, reflect higher poultry sales tonnages for the year of 936kt compared to 799kt last year offset by a volume loss of 102kt in the pig sector as a result of customer vertical integration as previously reported.

The following is a sector-by-sector analysis of performance for FY11 and outlook for FY12.

Sector performance

Poultry

Ridley's poultry sector sales tonnage and revenue increased in FY11 compared to the prior year as the anticipated demand for poultry products continued its long term growth trend of recent years. Our South Australian and Victorian mills in particular saw solid growth from an increasing number of birds in large scale, intensive production sites. A number of capital projects that were completed during the year at several key poultry mills strategically located to service the expanding customer requirements have further improved both the quality of the stockfeed and the efficiency of these mills.

While the increased poultry volumes have been welcome, at a number of key manufacturing sites the insertion of additional shifts to gear up to 24 hour, seven day per week operation had an adverse cost impact in FY11 which will be recouped in FY12 as the associated volume increases take effect for a full 12 months.

The outlook for white meat and eggs as popular sources of protein is expected to remain strong, buoyed by the lower retail prices of chicken relative to red meats. The poultry sector is further boosted by its shorter life cycle and associated working capital requirements relative to other livestock, and the combination of these factors is expected to sustain strong growth into the future. Ridley's broad geographic spread of poultry mills in the prime growth processing regions of South Australia, Victoria and South East Queensland is expected to generate further revenue growth for Ridley in FY12 and beyond.

Pig

Sales volumes for FY11 declined by approximately 102,000 tonnes as customers completed their previously reported plans to vertically integrate their stockfeed requirements. Domestic pig producers generally continued to enjoy high levels of profitability during the year although emerging retail pressures may soften this sector in FY12.

Ridley FY12 sales volumes will decline marginally compared to FY11 largely due to construction and operational delays experienced by the integrating customers giving rise to unbudgeted sales in FY11. New pork customers in the form of small piggeries and emerging eco shelter clients are expected to start to offset this volume decline in FY12 as they seek higher performance feed solutions.

Ruminant – dairy, beef and sheep

The road to recovery for Ridley ruminant feed sales has been slower than expected, and this led to a shortfall against budget tonnages of 15% but an increase in volume from the depressed prior year of 10%. Unprecedented pasture conditions enabled dairy, beef and sheep farmers to utilise home grown forages ahead of purchasing higher nutritional value stockfeeds.

During FY11, the dairy industry's position has continued to improve, with the combination of higher milk prices, lower grain prices, and very favourable seasonal conditions providing dairy farmers with better production conditions than seen in recent times and renewed optimism to rebuild dairy herd numbers.

The outlook for Ridley is positive as farmers move to capitalise on the favourable conditions in order to restore their financial positions following the downturn of the previous two seasons. The launch of a new Ridley grain mix product range at Maffra, Victoria, will assist in regaining market share in the Gippsland region previously lost as farmers moved to cheaper, lower grade alternatives during the dairy downturn.

The relationships between seasonal conditions, livestock prices and grain costs continue to dictate Ridley sales volumes and returns from the grazing sheep and cattle industries. The excellent seasonal conditions have directly reduced requirements for purchased feed. Activity in the feedlot sector, which increases in periods of prolonged, dry weather, has been sluggish to say the least. This sector is facing the multiple challenges of increased feeder cattle prices driven by re-stocker demand, solid grain prices and a strong Australian dollar impacting on finished cattle prices.

The sheep industry has seen record prices for both meat and wool over the last 12 months despite the strength of the Australian dollar. These trends have been driven largely by the low sheep numbers in Australia and on a worldwide basis.

Optimism across the sector will see benefits to Ridley in the medium term as more normal seasonal conditions return and stock numbers are increased across eastern Australia.

Camilleri Stockfeeds

On 1 March 2011, Ridley announced the completion of the acquisition of Camilleri Stockfeeds Pty Ltd (**Camilleri**) as part of its growth strategy to acquire businesses highly compatible with its core agribusiness activities, with proven track records, good management and with strong conversion of earnings to cash.

Camilleri is a private company involved in poultry and fish rendering, 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 business.

One-third to one-half of each animal produced for meat, milk, egg and fibre food products is not consumed by humans, and the global rendering industry has consequently been a key component to sustainable agriculture for decades. The most important and valuable use for these rendered products is as feed ingredients for livestock, poultry, aquaculture and companion animals.

With a strong safety and quality focus, and a reputation for innovation in service and product offerings, Camilleri gives Ridley a presence in the Sydney basin and an exciting opportunity to develop new and improved nutritional solutions by blending rendered products with Ridley diets.

In the four months since acquisition, Camilleri has exceeded internal performance hurdles on the back of strong commodity prices and higher than normal opening balances of working capital. The outlook for the Camilleri business and its industry is strong, and with the Maroota operation just 65 kilometres from the Sydney central business district, it is ideally located to service the largest market in Australia.

Packaged Products

The priority for FY11 was to build the foundation for sustainable growth for the next three years, with a strong focus on utilising the strength of brand loyalty which has been built up over several generations through the provision of consistently high quality, value adding products.

Brand awareness, backed up by even tighter governance around cost control, was given far greater emphasis in FY11 through the development of market strategies for each individual species that focus on consumer needs. The following marketing activities were successfully completed during FY11:

- development and release of new products lines in the equine and lifestyle segments;
- introduction of new packaging sizes and mediums into the high value pet segments;
- product development and market penetration into the retail pet store sector;

- export and domestic market penetration into New Zealand and Tasmania;
- removal of slow moving, low margin product lines; and
- implementation of a customer-focused marketing calendar to promote brands and products in line with seasonal demand.

Similar to the Ruminant and Supplements sectors, the widespread abundance of pasture in most regions throughout FY11 created unfavourable market conditions for Packaged Products, and volumes declined 6% for the year as a consequence. The adoption of the above disciplines and initiatives, however, managed to improve margins by 6% and generate an impressive result similar to that recorded last year.

Supplements

The well above average rainfall pattern across the north, east and southern regions of Australia throughout FY11 had the biggest negative impact for Ridley in the demand for supplementary feed products manufactured by the Supplements business in Queensland. Through the successful implementation of its three year strategic turnaround plan, the Supplements business had positioned itself well to capitalise on increased sales efforts and improved manufacturing efficiencies. Unfortunately, the supplementary feed market was decimated as the rain fell and continued to fall, leaving the business approximately 50% short of budgeted volumes, despite making significant gains in market share.

Whilst the Supplements business has worked extremely hard to position itself for success, the start of the FY12 season for its products has been slower than hoped for and there may be some inventory overhang in the market from competitors stuck with last season's unsold product. Ridley will nevertheless focus on further market share penetration and flexibility in manufacturing processes to drive cost efficiencies as hard as possible whilst concurrently undertaking a strategic review of the long term sustainability of this business.

Aqua-Feed

Ridley Aqua-Feed (**Aqua-Feed**) sales growth and market penetration continued throughout FY11, with sales volumes improving 6%, and market leadership maintained across all major finfish and prawn species in Australia. FY11 also saw export market penetration with a number of customers being serviced for the first time in New Zealand.

Additional manufacturing capacity has been achieved through improvements at the Narangba, Queensland facility together with the now fully operational facility at Inverell, NSW, through our joint venture partnership with Indigenous Business Association (**IBA**).

In late 2010, Ridley acquired the businesses of Primo Aquaculture and Spectrum Aquaculture, inclusive of a territory distributor agreement with the global hatchery products and feed specialist, Inve Aquaculture. These initiatives now enable Aqua-Feed to offer a complete 'hatch to harvest' product range. Aqua-Feed is also now well placed for entry into many niche feed markets, such as ornamental fish, pet stores, medical research laboratories and educational facilities.

The Aqua-Feed core competitive advantage continues to lie in its ability to develop and maintain specialised diets which meet its customers' unique nutritional, seasonal and environmental requirements whilst additionally providing unrivalled technical service and support. The long term outlook for Australian aquaculture is for strong and sustained growth, capable of absorbing additional production capacity and providing opportunities for export growth.

Procurement

The underlying procurement issues for the last 12 month period have been the ongoing volatility and unpredictability of global and domestic commodity and currency markets, and of course the impact of the highly irregular weather patterns. Global supply of the major cereal grains was also under pressure in the early part of the financial year due to the impact of poor European harvest crops on global supply and pricing.

Major weather events throughout many regional areas of Australia had a significant effect on the summer grain crop harvests. High rainfall and flooding during harvest periods created severe interruptions and delays to the harvest process in many regions, and as a result of crop dampness and sprouting, the quality of the harvested grains was negatively impacted. The widespread availability of lower grade grain created some short term quality and replenishment issues for Ridley but creates some longer term opportunities as higher than normal volumes of stockfeed quality grain with the appropriate nutritional values become available.

Despite the weather events, Australia had an average sized total grain harvest in FY11, albeit with an unusual spread of quality mix and with higher than normal grain stock levels being carried into the next year. This carry over is a positive for Ridley, in that it underpins the availability of raw materials and provides some competitive pricing points for high nutrition feed.

The current outlook for next season is favourable in terms of domestic crop size and availability, however the relative supply and demand equilibrium from the world markets will have an influence on export activity and thereby domestic supply and pricing.

The sustained strength of the Australian dollar throughout FY11 has been a positive influence to Ridley in relation to the cost of the many imported raw materials used and to those domestic raw materials that have a relationship to import parity values.

A total review of Ridley's procurement structure and supplier base is currently in progress, with major enhancements expected to be established before the end of FY12, particularly with regard to local and regional engagement with growers and the trade alike.

Supply chain

FY11 has presented a number of challenges and successes when it comes to supply chain logistics. While the floods in both Victoria and Queensland had a direct impact on grain quality, there was also a direct cost impact due to logistics constraints such as full or partial road closures and inability to back load. From a customer perspective, Ridley was able to ensure continuity of feed supply and ensure there was no detrimental impact on customer livestock. This was achieved through the successful implementation of its contingency plans and utilisation of the broad geographic network of mills and logistics across the flood impacted regions.

Higher fuel prices have seen transport costs rise since December 2010. Wherever possible, these increased delivery costs have either been contained or passed on to the customer on a fair and reasonable basis. In this way, Ridley has monitored, and endeavoured to control, the effect of fluctuating carrier costs.

The new Enterprise Resource Planning (**ERP**) system has brought several information gains to the supply chain area. The new system has made real time information available on both inbound and outbound loads. This is a significant leap forward in supply chain information and is already being used to provide improved visibility and help drive supply chain performance improvements.

The outlook for FY12 is for a continuation of the tight transport market given the predicted above average forecast FY12 harvest and similar export conditions. Ridley is well placed to manage these constraints, with long term relationships and contracts with many carriers and improved information flows to optimise freight routes and back loading.

Enterprise Resource Planning

The new ERP system was rolled out to each of the individual sites throughout FY11 as part of a risk management plan designed to provide a seamless transition and minimise the risk of any disruption to customer supply. The ERP system was successfully implemented at all but two of the stockfeed sites during the year, with the final two sites going live in July and August 2011. Despite the disruption to the implementation timetable caused by the widespread flooding, the roll out program was achieved without interruption to customer supply.

The cost impact on FY11 earnings from the absorption of resources back into the business whose costs had been capitalised in the prior year was $0.8 million, and the increase in annual amortisation charge following commencement of the effective life of the ERP platform on 1 July 2010 was $1.5 million.

The roll out of the new ERP operating platform has presented a number of challenges over FY11 as the change management program was coordinated across all parts of the business. While in the short term this created some discomfort and increased costs to the business for training and operation of the old and new platforms in tandem, FY12 will see consolidation, learning and business improvements starting to positively impact the business.

The anticipated benefits from having the entire stockfeed operation on a single, end-to-end operating platform are expected to be widespread and significant. By the end of FY12, the ERP system should be fully operational and delivering the transparency and efficiencies to facilitate a further round of cost savings in FY13.

R&D and innovation

Ridley prides itself on being Australia's leading supplier of high quality animal nutrition solutions, with a product range that has been scientifically formulated to ensure optimal animal health and performance.

Research and development (**R&D**) is an important business focus for Ridley, as the levels of competition, production processes and methods evolve more rapidly than ever before. Ridley has developed key initiatives with focused outcomes for each of the main species serviced through the range of stockfeed products.

One of the key areas for Ridley innovation concerns the sustainability of the aquaculture industry and development of substitutes for fish meal and fish oil stockfeed inputs, both of which are becoming more and more scarce and hence more volatile in both price and availability.

A major initiative introduced in FY11, from a manufacturing view point, has been the focus on 'feed to food,' which seeks to instill a culture which recognises that the Ridley facilities, processes and procedures are more akin to food production than simply animal stockfeed. This heightening of hygienic awareness is accompanied by a rise in the level of care and pride, and while this initiative is still in its early stages, it will remain a focus in FY12 and beyond as the business starts to position itself for future manufacturing requirements and regulatory changes and to move beyond compliance.

Ridley fully intends to continue to support a wide range of R&D projects, covering animal nutrition, health and productivity, manufacturing, quality, environmental management, product development, education and training. The R&D program covers the entire process from innovation through to technological development and commercialisation and is managed by a dedicated team of in-house professionals.

Outlook

The business is about to embark upon a mill renewal program which is expected to facilitate the closure and divestment of certain older, less efficient and sub-optimally located mills. Capital works required to accommodate additional tonnages at the continuing sites will be funded wherever possible using the proceeds of sale from the closed mill sites.

Despite capturing market share and successfully implementing its three year turnaround plan, the Supplements business reported negative earnings for FY11 and remains Ridley's most climate sensitive business unit. A review is being conducted to assess the likelihood of the Supplements business being able to generate commercial returns over a sustained period of both favourable and unfavourable seasonal conditions.

Ridley will continue to pursue bolt-on acquisition opportunities similar to the Camilleri business acquired during the year and which meet the stringent cash generation, synergy and other performance criteria applied by Ridley to all potential transactions.


COBBER
WORKING Dog
COBBER
WORKING Dog

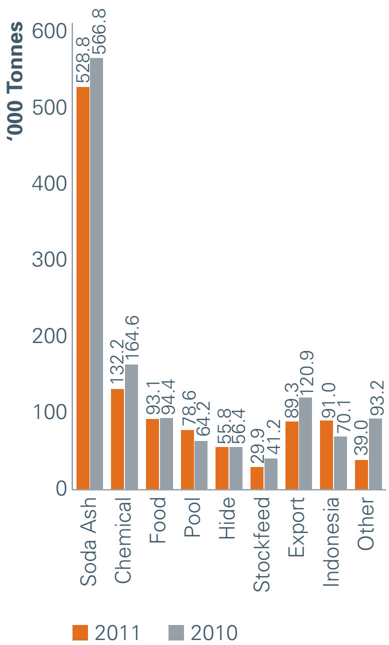
Cheetham Salt

Andrew Speed – Chief Executive Officer, Cheetham Salt

2011 highlights

- Record season for pool salt volumes.
- Dependable joint venture earnings.
- Wet Weather Contingency Plans successfully implemented.
- Implementation of Lean Manufacturing program.
- Strong growth and prospects in Indonesia.

Salt products



Cheetham Salt operations

Operating result

FY11 proved to be an extremely challenging year for the salt business, with divisional profitability of $21.2 million compared with $24.0 million in FY10 and which comprises earnings before interest and tax (**EBIT**) of $14.2 million plus after tax profits from the joint ventures of $7.0 million.

Despite the harsh trading environment, the Cheetham Salt cash flow before interest and tax in FY11 was $19.2 million, a $0.4 million increase on the prior year and achieved by tight control of working capital and capital expenditure of only $4.8 million, compared to the $10.6 million expended in the prior year to complete the refinery rationalisation program, and to FY11 depreciation of $5.6 million.

The business performance was significantly impacted by the severe adverse weather conditions during FY11, which resulted in widespread and unseasonably high rainfall, and extensive flooding and business inundation. These weather events influenced the demand for Cheetham Salt products, and dramatically affected the efficiency of the salt refineries and the salt production fields. The combined impact of the weather events on the FY11 EBIT has been estimated at $1.9 million.

Sector performance

Whilst Cheetham Salt is a diversified business, the extreme rainfall resulted in subdued demand in many sectors. In the stockfeed sector, sales volumes were 28% lower than the previous year as a direct result of the abundant pasture growth in Queensland, which reduced the demand for supplementary feed products, and in which salt is a key ingredient.

Conversely to the stockfeed sector, demand for pool salt was favourably impacted by the high rainfall. As a result of overflow and loss of salt chlorination within domestic pools in Queensland and New South Wales in particular, significantly more salt was required to maintain swimming pool water quality. While sales volumes in the pool salt sector were 22% above FY10, it is a fragmented market that demands small pack sizes, which results in a more costly and challenging supply chain.

The hide sector was flat compared with the previous year, with higher sales into cattle hide pickling offset by softer demand for salt required to preserve sheep skins. This demand profile is likely to continue, with sheep slaughter numbers remaining depressed due to the abundant availability of pasture and high wool prices.

Sales into the food sector remained steady. All of the major food manufacturers have implemented salt reduction programs to reduce the sodium content in their products in response to consumer and health sector demands. While these initiatives are impacting the quantity of salt in their formulations, this reduction is being offset by an increase in overall demand for processed food products and table salt in line with population growth.

Sales into the chemical sector were subdued as a consequence of reduced demand by Penrice, and the timing of some bulk shipments into the chlor-alkali sector. Penrice's brine demand was well down on prior years, as a result of two major operational events as announced to the market by Penrice. During the year, Penrice reported a sudden failure of their third party steam supplier causing an unscheduled plant shut down, and reduction in demand from key soda ash customers due to the flooding on the east coast. This reduction in demand has significantly impacted the efficiency and profitability of our Dry Creek salt field in FY11. Penrice has stated publicly that it considers these events unlikely to recur and expects brine demand to return to more normal levels in FY12.

The Japanese business was slightly behind the FY10 performance, with demand in the second half of the year impacted by the natural disasters experienced in the north of that country. While some of our customers in this region remain affected, demand in the rest of the country had returned to more normal levels by the start of FY12.

FY11 saw the first full year benefit of the new refinery in Indonesia. It is pleasing to report that this investment is exceeding expectations, with volume growth in FY11 of 30% over the prior year. With further and sustained growth anticipated, a capital works initiative has commenced in FY12 to provide additional capacity for that refinery.

Joint ventures

The contribution in FY11 from all four of the joint venture businesses was slightly down on the prior year. The Salpak and Cerebos-Skellerup businesses are currently operating in a challenging retail environment, impacted by the high Australian dollar, the increase in private label products, rising supply chain costs and supermarket discounting. Despite this, we have managed to grow market share and essentially maintain earnings. The launch of some new products in FY11 and a refreshed rebranding and promotional campaign have positioned these businesses well for FY12.

Dominion Salt Limited's (**Dominion**) volumes remained strong in FY11, however US dollar earnings from the pharmaceutical export business were adversely impacted by the strengthening New Zealand dollar. This sector remains a significant growth opportunity for Dominion, and in FY11 a significant and complex major capital expansion of the vacuum plant at Mount Maunganui was duly completed on time and within budget. Following a short period of commissioning, the new plant is now performing to expectations.

The increased capacity provided by the new vacuum salt plant will enable Dominion to benefit from the growth in demand for pharmaceutical salt in the Asian region. The new business development program supporting this investment is progressing as planned, despite the unfavourable movement in the exchange rate.

In FY11 and FY10, some of the dividends were retained within Dominion to fund the vacuum plant upgrade. With the upgrade now complete, in FY12 a more normal dividend stream will be resumed, whereby Cheetham Salt's 50% share of after tax profits will be wholly distributed in cash.

Weather

In addition to the significant impact on market demand and sales, the extreme weather also delayed progress in getting the upgraded refinery at Bajool to nameplate production capacity, and resulted in significant additional costs being incurred by the business.

The incremental costs include operational expenses associated with accessing the Bajool and neighbouring Port Alma sites during the floods, repairs to roads and infrastructure damaged by the high rainfall and flooding, loss of crude salt inventory at Bajool, and the inability to produce any salt for harvest at Bowen.

With FY11 being the third year in a row that salt has not been available to harvest at the Bowen field, management is currently reviewing the long term viability of the site and examining the various opportunities for its alternative use.

Despite the successful implementation of the Cheetham Salt Wet Weather Contingency Plans during the year, the high and persistent rainfall will impact the yield of next year's salt harvest. While variable salt production costs were actively managed during FY11, the combination of a higher fixed cost base relative to prior years and a lower yield will result in higher per unit salt costs when harvested in FY12. Assuming a return to more normal weather patterns, overall salt costs in FY13 are forecast to revert to FY11 levels.

Throughout this stressful period, the safety and wellbeing of staff and satisfying of customer requirements remained of paramount importance. Although many staff were personally impacted by the flooding in Queensland and Victoria, it is pleasing to report that no associated injuries were sustained by any Cheetham Salt employee.

Satisfying customer requirements during the period of severe weather was extremely challenging. Road and rail transport, warehousing and infrastructure was inaccessible for long periods in many locations, placing significant pressure on the supply chain. This situation was further complicated by shortages in product availability. To maintain supply to critical industries, a number of innovative supply chain solutions were devised and implemented. These initiatives included sourcing supplementary product from the overseas joint venture and establishing third party contract packaging arrangements domestically, one of which was a Ridley stockfeed facility at Wacol. As a result Cheetham Salt was able to maintain uninterrupted supply to essential industries such as food processing and water treatment.

Lean manufacturing

Having completed a period of business transformation and intensive capital investment, the Cheetham Salt focus is now on improving efficiency and effectiveness throughout the business. During FY11, Cheetham Salt commenced a program that will lead to the adoption of Lean Manufacturing principles throughout the business. The implementation program will run over 18 months, and ultimately develop a culture of continuous improvement and elimination of wasteful practices.

Indonesian salt field

The Indonesian Government announced a National Salt Program in FY11 with the aim of making Indonesia more self sufficient in large scale salt production. The Indonesian Government considers salt to be a strategic commodity and the improvement of their national salt production capability a national priority.

As a result of this Indonesian Government initiative, Cheetham Salt has been investigating the feasibility of constructing a salt field in Indonesia, with the same attributes as the Australia salt fields. The technical and commercial feasibility studies for this project are continuing and the preliminary results look encouraging. It is anticipated that these studies will be completed during FY12 and will facilitate the preparation of any investment proposal. Should this project proceed, it will fundamentally change the nature of Cheetham Salt's business in Indonesia and provide an opportunity for significant long term growth in that region.

Alternative sources of salt

Throughout FY11, Cheetham Salt continued discussions with the major coal seam gas producers and water treatment companies. The coal seam gas industry plans to establish a large number of new wells, predominantly in Queensland, to extract the natural gas present in the coal seams. A by-product of this drilling program is the release of large volumes of brackish 'associated water' which contains a mixture of salts, including sodium chloride. The industry is exploring a range of solutions to the associated water problem, one of which is the extraction of the mixed salts for commercial sale. If commercialised, this could provide Cheetham Salt with an additional source of salt. Cheetham Salt's product and market knowledge, combined with the complex and efficient supply chain, uniquely positions the business to contribute to the associated water solution.

Outlook

In the three years leading into FY11, Cheetham undertook an ambitious program of business transformation, including rationalising and upgrading domestic refining capabilities, reopening the Port Alma salt field, implementing a new ERP system, relocating head office to Melbourne, and constructing a new refinery in Indonesia. It was anticipated that the business would benefit from these initiatives in FY11, however the realisation of the efficiency and effectiveness improvements were harshly compromised by the highly unusual weather patterns experienced in the year.

The impact of the weather experienced in FY11 will flow through into next year in the form of higher salt costs, however this impact is expected to be more than offset by the realisation of the benefits derived from the successful conclusion of the business transformation program.

Property Development

Stephen Butler – Property Development Manager

2011 highlights

- Focus shifted from South Australia to Corio Bay, Victoria opportunities.
- Prospects for Lara commercial redevelopment advanced.
- Feasibility studies for Moolap residential redevelopment commenced.
- Dry Creek redevelopment feasible and mothballed.
- Other long term divestment and rationalisation opportunities under evaluation.

FY11 has seen some significant progress as Ridley continues its implementation of strategies to unlock the inherent value of its surplus property assets.

A significant focus throughout the year has been on Ridley's landholdings in the Geelong region in Victoria, being the salt fields at Lara and Moolap. These sites occupy strategic positions on either side of Corio Bay, as can be seen in the image below, and present a range of potential options for either divestment or long term redevelopment. Preliminary investigations are currently underway to determine the respective redevelopment potential for these landholdings which are now currently surplus to Cheetham Salt's ongoing salt production requirements.

Lara

Located on the north side of Corio Bay and adjacent to Avalon Airport, which has been proposed as Melbourne's second international airport, the 912 hectare site is within a future employment corridor nominated by the State Government's planning blueprint 'Melbourne @ 5 Million'. The proposed expansion at the Geelong Port by the State Government will further strengthen the opportunities for redevelopment at the site.

Ridley is pursuing a range of long term opportunities for the Lara site, and has undertaken preliminary planning and technical investigations during the year which indicate that a large portion of the land may have redevelopment potential for employment-related uses associated with the expansion of the Airport and Geelong Port. The City of Greater Geelong also recently adopted its Lara Structure Plan, which is being amended to acknowledge the site's potential to accommodate airport-related use. Whilst further assessment of the redevelopment opportunity will be required, Ridley is confident that the future alternative use value of the site will significantly exceed the current carrying value of the site of $2.0 million.

Moolap

On the southern side of Corio Bay, only three kilometres from the Geelong Central Business District is the Cheetham Salt site at Moolap. This unique, 475 hectare site has extensive north-facing Corio Bay frontage, and is a mix of Cheetham Salt freehold land and leased land, over which it has a long term lease until the year 2031. Although the site is currently held as an operating salt field, Geelong is experiencing such rapid population growth and mounting development pressure that Ridley considers there to be a strong case for the site to be redeveloped for alternative purposes. The loss of salt production capacity from the Moolap site could be absorbed by other, larger and more efficient salt producing sites currently operated by Cheetham Salt.

Ridley has engaged consultants to advise on potential alternative use scenarios for the Moolap site, to prepare design concepts, and undertake preliminary feasibility studies. The results of the feasibility analysis to date are encouraging, and Ridley is pressing on with this work in 2012 to ascertain the full redevelopment potential of the site, the carrying value of which is $1.4 million, and to determine the optimum mechanism for delivering that additional value to its shareholders.

Concurrently, Ridley has commenced discussions with key Government stakeholders to confirm that it is not unreasonable for Ridley to expeditiously pursue the feasibility studies for the redevelopment of each site. A broad, internal vision paper for both the Moolap and Lara sites has been developed by Ridley to assist in the discussions with Government, and to date the concepts for both sites have been well received.

Dry Creek

In 2008, Ridley and Delfin Lend Lease entered into a Heads of Agreement to facilitate investigation into the redevelopment of the Cheetham Salt Dry Creek salt fields in Adelaide, into a master planned residential mixed-use community. The Dry Creek salt fields currently operate under a long term Supply Agreement between Cheetham Salt and Penrice Soda Holdings, and any redevelopment of the land prior to the expiration of this agreement would necessitate relocation of the existing salt fields.

Technical investigations into the feasibility of relocating the fields indicated that redevelopment of the site is viable, potentially providing for up to 10,000 homes, 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 would underpin the current book value of the site as an operating salt field.

The investigations into the relocation of the salt fields revealed a number of issues that would make relocation difficult to achieve. In light of these issues, Ridley therefore determined and announced on 22 October 2010 that relocation of the salt fields would not be commercially viable at this time.

Ridley remains confident however, that the land will be redeveloped at an appropriate time in the future, is likely to appreciate in value in the meantime, and will continue to present a significant strategic opportunity given its proximity to Adelaide and inclusion within the South Australian Government's 30 year plan. Ridley will continue to monitor this opportunity and work closely with the South Australian Government and Land Management Corporation to establish a pathway for future redevelopment of the site and maximisation of long term shareholder value.

Other

A number of other short and long term divestment and rationalisation opportunities are also being investigated across several states that may deliver returns incremental to the operating results of the two core operating businesses.

Our People

Anne-Marie Mooney – Group General Manager, Commercial

- 39% reduction in total injuries from prior year.
- New Talent Development Strategy introduced.
- People and Culture team centralised to head office.
- Redesign and relaunch of recruitment branding.
- Adoption of new Gender Diversity Policy.

At Ridley, we recognise that people are vital to the success of our business. We foster creativity in an open and inclusive environment in which our people can strive to be their best and achieve their goals. As a key employer within many rural and remote communities across Australia, we are committed to investing in the development of all our people to build the skills base not only of our business, but also of the rural areas in which we operate.

We are committed to providing and maintaining a safe and healthy workplace for all employees, suppliers, contractors and visitors. We deal with our people in good faith, and respect our relationships with our people and any representatives they may choose. This commitment not only meets all legal requirements, but also develops a highly motivated and productive workforce committed to contributing to the success of the business. We actively promote diversity and equality in our workplace.

Our People Development Strategy is about:

- educating our people, by giving them on-the-job experience, training and opportunities to develop their skills;
- engaging our people, by providing an environment where they can be innovative and find new and better ways of doing things; and
- evolving our people, by providing a workplace that allows them to realise their goals.

Our philosophy is that with great people, we will build a great business that will drive great results to sustain business success.

Identification and development of talent

This year, Ridley implemented a new Talent Development Strategy, with the main objectives being:

- the identification of a talent pipeline of employees with the potential and capability to take on key and critical management positions into the future;
- to retain key people through the provision of career and growth opportunities; and
- to improve productivity through considered alignment of people to the most suitable positions.

The Talent Development Strategy incorporates key learning programs that not only address critical skill requirements within the business, but also provide excellent learning experiences for our employees. This training commenced during the year and will continue into FY12 with the key learning areas focusing on building leadership capability at all levels, project management and technical competence within the business.

Recruitment, reorganisation and acquisition

In FY11 there was a strong focus on the development of a stronger recruitment brand and the attraction of talented people to the business. Throughout the year, recruitment branding and advertising was redesigned and launched, and has already resulted in significantly higher applicant and placement rates than the preceding years.

As well as continuing to build on capability and leadership strength, we have continued to work on the centralisation of many shared-service functions to the Melbourne head office and realisation of operational efficiencies. We have centralised and integrated our People and Culture team, Information Services and Safety functions to service all Ridley entities. Most other business units have also undergone significant organisational and structural changes to ensure their performance and plans are well positioned to achieve Ridley's strategic objectives.

In March 2011, Ridley completed the acquisition of Camilleri Stockfeeds Pty Ltd, which has resulted in the addition of 25 additional employees to the Ridley group of companies. Work to integrate this new business commenced immediately after completion of the transaction and will continue throughout FY12.

Industrial relations

Improving the industrial relations environment at Ridley in FY11 continued to be a key priority, with the implementation of the Fair Work legislation and the award modernisation process. Industrial relations negotiations progressed well throughout the year to reach mutually agreeable terms and conditions for employees and Ridley alike, with 10 Enterprise Agreements successfully concluded, lodged and approved with Fair Work Australia.

Workforce diversity

Ridley strives to foster a working environment which is not only exciting and challenging, but is also flexible, inclusive and supportive. That means a place where everyone is treated with respect and dignity, and can work in an environment where each individual can achieve his or her maximum potential. We respect diversity in our people, in their ideas, work styles and perspectives. Diversity recognises and values the contribution of people with differences in background, experience and perspective. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

In FY11, Ridley introduced a Diversity Policy aimed at achieving a diverse and inclusive working environment which provides equal opportunity in respect of employment and employment conditions with regard to the following:

- recruitment, selection and promotion;
- talent and succession planning;
- career development;
- flexibility;
- gender diversity; and
- employee consultation.

In FY11, an Employee Opinion Survey was conducted to gauge employee feedback on a range of workplace issues. Whilst there were few statistical differences from a gender and age perspective, we will continue to monitor feedback from multiple demographic groups to ensure that all views are well captured and understood by the business.

Gender diversity

The following table outlines the female representation within Ridley.

Female Representation Across	Percentage %
The Ridley group	18
The Ridley Board	14
Ridley senior executives	20
Ridley senior managers	7

In line with the Ridley Diversity Policy, we will focus on a range of initiatives throughout FY12 and beyond to continue to develop the talent pipeline and encourage more women into senior management roles. These initiatives include the following:

- introducing a formal mentoring and coaching program;
- developing skills for networking and encouraging women to develop their skills;
- identifying learning opportunities for key women within Ridley through the current talent identification process; and
- providing flexible work practices to encourage women back to the workplace.

In order to monitor the success of these initiatives in gender diversity, the following metrics will be measured and reported to the Board on an annual basis:

- parental leave return rates;
- new recruits by gender and role;
- representation by age, role level and gender on flexible work arrangements;
- outcome of the high potential and high performance assessment;
- voluntary turnover by age and gender; and
- Employee Opinion Survey results by age and gender.

Recruitment

Throughout FY11 we have endeavoured to increase the representation of females in positions that have historically had low female representation, and we will continue to do so in the years ahead.

Parental leave and flexible work arrangements

In FY11, Ridley achieved a 100% return rate in relation to parental leave, with 50% returning to flexible working arrangements. There are now 19 Ridley employees with flexible work arrangements in existence, of which 18 (95%) are women.

Effective from 1 July 2011, Ridley introduced a Paid Parental Leave Scheme to eligible employees to complement the Government scheme. Our scheme offers eight weeks paid leave for employees with greater than two years of service and 18 weeks to those with greater than five years of service.

Turnover

Total employee turnover throughout Ridley was 16.5% for FY11. Turnover by gender was 19.5% (female) and 15.8% (male).

Within Ridley AgriProducts, female turnover was highest in the 45-54 year old demographic, whilst turnover amongst males was highest between the ages of 25 and 34. For Cheetham Salt, turnover for both genders was highest in the 17-24 and 25-34 year old categories.

Staff turnover

	Female %	Male %	Total %
Ridley AgriProducts	20	10	12
Cheetham Salt	19	30	27
Total	19.5	15.8	16.5

Our People continued

The staff turnover activity as summarised in the table on the previous page is strongly influenced by the competition for talent that exists in certain regional areas of Australia and the strong demand for labour in the mining sector.

Learning and development

Throughout FY11, our Learning and Development strategy was focused on building employee capability in the business-critical areas, such as leadership and management development, project management and commercial acumen. This development strategy will not only ensure our capabilities meet all of Ridley's operational requirements, but in FY12 will also be specifically targeted to meet the career and learning needs of each individual employee.

The training will complement our continued focus and investment in technical and function-specific training requirements pertaining to roles and functions within the business. In FY12, we will also implement a coaching program for high-potential employees, with customised coaching solutions tailored to the individual. In addition, we will also be promoting a variety of networking and leadership functions to employees to complement the existing learning and development framework.

Benefits

At Ridley, we believe in providing a competitive remuneration structure for each employee in every market in which we operate. We hold each other accountable for performance, and reward employees commensurate with their performance.

Our remuneration and benefits are reviewed regularly to ensure they are fair, reasonable, and in line with the current market to ensure that the best talent is attracted, rewarded and retained.

During FY11, a review of employee benefits was undertaken, and resulted in the following benefits being introduced:

- salary continuance insurance extended to all Ridley employees;
- private health fund discounts offered through a corporate program;
- employee assistance program;
- discounted gym membership;
- extended health and wellbeing programs; and
- a Paid Parental Leave Scheme to support female employees during their period of leave and to return to the workplace (effective from 1 July 2011).

Safety

As a core value at Ridley, safety is critical to the way we do business. Our safety focus, which begins at Board and executive management level, is underpinned by three elements: embedding proactive safety behaviours, developing and implementing a safety management system, and finding engineering solutions for the physical safety hazards that are present in the manufacturing environment. Safety performance is rigorously monitored, reported to management and the Board, and is a component of individual performance appraisal and management remuneration.

The key measures we use to assess safety performance are the lost time injury frequency rate (**LTIFR**), the serious injury frequency rate (**SIFR**), and the duration rate (**DR**). The LTIFR is the number of injuries that incur lost time for every million hours worked, whereas the SIFR is the sum of the number of medical treatment injuries that did not result in lost time plus the number of lost time injuries, per million hours worked. The DR is simply the average duration rate for lost time injuries, calculated as the total number of days lost divided by the number of lost time injuries.

The overall results for FY11 were as follows: the LTIFR was 6.57, down from the FY10 result of 9.48, and representing a 30% decrease in the rate of incidents that resulted in lost time to the business. The SIFR, which represents our total injury rate, has also reduced to 15.17 from 21.67 last year, representing a 30% improvement. The DR has risen significantly due to a fatality this year. The DR for this year is 35.92 compared to 6.38 average days per lost time injury from last year. Details are shown in the table below.

What is encouraging and the most significant, is the overall reduction in actual injury numbers.

Total injuries have reduced 39% from last year's total of 49 to 30 injuries recorded in FY10.

Injury frequency rates

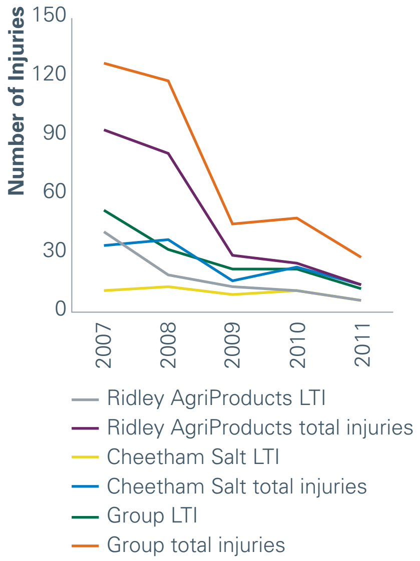
	FY11			FY10		
	Ridley AgriProducts	**Cheetham Salt**	**Group**	Ridley AgriProducts	Cheetham Salt	Group
LTIFR	**6.45**	**6.72**	**6.57**	9.82	9.27	9.48
SIFR	**14.75**	**15.68**	**15.17**	22.32	21.31	21.67
DR	**55.57**	**13.00**	**35.92**	9.18	3.30	6.38

Total injury counts

	FY11			FY10		
	Ridley AgriProducts	**Cheetham Salt**	**Group**	Ridley AgriProducts	Cheetham Salt	Group
LTI	**7**	**6**	**13**	11	11	22
MTI	**9**	**8**	**17**	14	13	27
FATI	**66**	**24**	**90**	69	26	95

LTI – Lost injury time.
MTI – Medical treatment injury.
FATI – First aid treatment injury.

Five year injury totals



Extremely sadly however, despite this good result for the year, was an electrical incident that occurred at our Townsville site in March 2011 which resulted in a fatality. Investigations are currently being undertaken by Workplace Health and Safety Queensland. This incident serves as a very tragic reminder of the importance of safety in how we go about our everyday work at Ridley and further strengthens the commitment of the management team to drive continuous improvement for health and safety through all levels of the business.

Safety objectives and action plans have been reviewed to set the Ridley priorities for the coming year, with the Ridley Group Safety Plan focusing on the key safety risks for both Cheetham Salt and Ridley AgriProducts to be addressed by management in order to improve the overall safety management system and culture. The long term target for all safety incidents is zero, however it is recognised that this can only be achieved through the development over time of a culture that is committed to continuous, progressive improvement in all aspects of safety.

Environment

Energy

The Federal Government's National Greenhouse and Energy Reporting Act 2007 (Cth) (**NGER**) introduced a national framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects and energy use and production. To comply with this legislation, Ridley is required to prepare and submit an annual report. As in prior years, Ridley will again submit a compliant NGER report in 2011. Ridley is also required to report its energy usage under the Energy Efficiency Opportunities Act 2006 (Cth). The legislation requires any company that reaches the 0.5PJ total energy usage threshold to conduct assessments to identify potential opportunities to reduce energy use, and to then monitor and report on those opportunities and any new opportunities identified within the context of the group's total energy usage. Energy use across the business includes electricity, LPG, natural gas and diesel.

In FY09, energy audits were conducted on three Ridley sites and the opportunities for improvements were largely around three main areas, namely improving the efficiency of boilers, pellet presses and compressors. No further audits were required as the FY09 audits were deemed to be representative assessments of all identified sites. Reporting on the sites' energy usage was then updated in subsequent reports.

In FY11, Ridley participated in the Energy Efficiency Opportunities (**EEO**) desktop verification process. Ridley will continue to assess energy efficiency opportunities within its current business operational processes and structure. Further information on Ridley's initiatives can be found in the EEO public report which has been published on Ridley's website.

Water

We continue to look for opportunities to reduce our water usage. As detailed in last year's report, both Australian businesses have implemented water management plans at some of the key sites and have identified a number of solutions to reduce water consumption at the mills and refineries.

Reducing the consumption of potable water has been the focus for most sites. All sites are now monitoring and tracking their water consumption, and many have formal water management plans that have been lodged with local or state authorities. Some of the initiatives being used or investigated include the collection, treatment and use/reuse of rainwater, stormwater run-off and boiler blowdown, which is particularly relevant given that a significant amount of water is used through the operation of our boilers.

Waste

Ridley AgriProducts and Cheetham Salt continue to reduce waste through improved efficiencies at refining and feed mill sites and by diverting as much waste as possible into recycling streams. The two businesses do not generate a significant amount of waste, however both demonstrate a real commitment to their recycling program. Ridley continues to be a signatory of the Australian Packaging Covenant and submitted a compliant plan for 2011.

Flora and fauna issues

Salt fields provide important ecosystems for a variety of flora and fauna. A number of the Cheetham Salt sites contain birds or plants of state, national or international significance. Over the coming months, the extent of the biodiversity issues at the sites, and the implications for site management, will be reviewed. Currently the most significant issues exist at the Dry Creek and Bajool sites.

At the Bajool site there is a population of the Capricorn Yellow Chat, a bird listed as Critically Endangered under the *Commonwealth Environment and Biodiversity Conservation Act 1999* (**EPBC Act**). Work being supported by the site has shown that the local population of these birds is larger than originally thought.

Both the Price and Dry Creek sites are listed as Sites of International Significance for shorebirds. 208 species of birds have been recorded at Dry Creek with the total recorded faunal biodiversity being 375. There are seven Shorebirds listed as having international significance and three others having national significance. From a fauna perspective, 361 different species of plants have been recorded, with 54 having conservation interest, including one nationally vulnerable species that is listed under the EPBC Act and two species that are protected at the state level.

Board of Directors

John M Spark
BComm FCA

Chair

Appointed a Director in January 2008 and Ridley Chair on 22 November 2010, John is a Director of Newcrest Mining Ltd. John was the Managing Partner of Ferrier Hodgson Melbourne and a global partner of Arthur Andersen Melbourne. He was a Director and Chairman of the Audit Committee of ANL Ltd and Baxter Group Ltd. He has an extensive background in accounting, auditing and financial analysis.

Other current listed company directorships

Newcrest Mining Ltd from 2007.

Former listed company directorships in the last three years

None.

Richard J Lee
BEng (Chem) (Hons) MA (Oxon) FAICD

Independent Deputy Chairman

A Director since 2001, Rick is Chairman of Salmat, Chairman of C. Czarnikow Ltd, an Independent Director of Newcrest Mining and Australian Rugby Union. He is also Chairman of the Australian Institute of Company Directors. He was formerly Chief Executive of NM Rothschild Australia Group and prior to that spent 16 years in the CSR sugar division.

Other current listed company directorships

Salmat Ltd from 2002
Newcrest Mining Ltd from 2007.

Former listed company directorships in the last three years

CSR Ltd from 2005 to 11 May 2011.

John Murray GAICD

Managing Director

John Murray joined Ridley as CEO of Cheetham Salt in December 2005 and was appointed Managing Director and Chief Executive Officer of Ridley Corporation Ltd in May 2008. John was previously Group General Manager – International Operations with Elders Ltd. Prior to that he was Managing Director of the South Australian based grain business AusBulk Ltd until its merger with ABB Grain Ltd in September 2004. John has an extensive background of senior management experience in the food, industrial and agribusiness sectors.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Patria M Mann
BEc CA MAICD

Independent Non-Executive Director

Appointed in March 2008, Patria is currently a Non-Executive Director of First State Superannuation Trustee Corporation, The Doctors' Health Fund Ltd and Perpetual Superannuation Ltd. Formerly a partner at KPMG, Patria brings strong audit, investigation, risk management and compliance experience to the Board. Patria is a member of the Institute of Chartered Accountants and the Institute of Company Directors.

Other current listed company directorships

Nil.

Former listed company directorships in the last three years

None.

Associate Professor Andrew L Vizard
BVSc (Hons) MPVM FAICD

Independent Non-Executive Director

A Director since 2001, Andrew is a senior consultant and former Director of the Mackinnon Project at the University of Melbourne. Andrew is an experienced company Director and has served on the boards of numerous companies, statutory bodies and scientific organisations. He is currently a board member of Animal Health Australia and a trustee of the Australian Wool Education Trust.

Other current listed company directorships

None.

Former listed company directorships in the last three years

Phosphagenics Ltd from July 1999 to May 2010.

Professor Robert J van Barneveld B.Agr.Sc. (Hon), PhD, R.An.Nutr., FAICD

Independent Non-Executive Director

Professor van Barneveld is a registered animal nutritionist, has a Bachelor of Agricultural Science with a major in Animal Production and a PhD from University of Queensland. Appointed in June 2010, Professor van Barneveld brings to the Board a wealth of experience in the agricultural sector, and currently serves on the Boards of Pork CRC Ltd, Australian Pork Ltd, and Porkscan Pty Ltd, and is also Chairman and President of Autism Queensland Inc. Professor van Barneveld is an adjunct Professor in the school of environmental and rural science at the University of New England.

Other current listed company directorships

None.

Former listed company directorships in the last three years

None.

Dr Gary H Weiss
LLB (Hons) LLM (NZ) JSD (Cornell, NY)

Non-Executive Director

Appointed in June 2010, Dr Weiss is an Executive Director of Ariadne Australia Ltd and a former executive Director with the Guinness Peat Group, an associated entity of Ridley's largest shareholder, GPG Nominees Pty Ltd. Dr Weiss has LLB (Hons) and LLM (Dist) degrees from Victoria University of Wellington, New Zealand and a JSD from Cornell University, New York. Dr Weiss has extensive experience in international capital markets and is a Director of a number of public companies.

Other current listed company directorships

Ariadne Australia Ltd from 1989; Premier Investments Ltd from 1994; and Tag Pacific Ltd from 1988.

Former listed company directorships in the last three years

Capral Ltd from 2003 to 2008; Westfield Holdings Ltd (Group) from 2004 to May 2010; Tower Australia Group Ltd from 2006 to 2008; and Guinness Peat Group (UK) from 1990 to 30 April 2011.

Corporate Governance Statement

Ridley Corporation and the Board are committed to achieving the highest standards of corporate governance.

The Australian Securities Exchange Listing Rules require companies to disclose the extent to which they have complied with the best practice recommendations of the ASX Corporate Governance Council – the Corporate Governance Principles and Recommendations (**Recommendations**). In accordance with ASX Listing Rule 4.10.3, the Company will disclose when it has not adhered to any of the Recommendations. The Company considers that it complies with all Recommendations except for Recommendation 2.4 and Recommendation 8.1. These Recommendations suggest that a company should have a Remuneration Committee and a Nominations Committee, each with at least three Non-Executive Director members. The Company has a combined Remuneration and Nomination Committee and the Board considers that given the size of the Board, it is more appropriate that this committee comprise of two, rather than three, Non-Executive Directors.

Board responsibilities

The Chair is responsible for leading the Board, ensuring all Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives.

The Board is responsible for the overall governance of the Company, including setting the strategic direction, establishing goals for management, and monitoring the achievement of these goals. Directors are accountable to shareholders for the Company's performance.

The management of the business is delegated by the Board to the Managing Director and Chief Executive Officer (in this statement, referred to hereafter as Managing Director), within a framework of financial and non-financial authority limits. The Board is responsible for appointing and reviewing the performance of the Managing Director.

The Board has established an Audit and Risk Committee (formerly the Audit Committee), a Remuneration and Nomination Committee and a Ridley Innovation and Operational Committee (formerly the Scientific and Operational Risk Committee) to assist in the execution of its responsibilities. The roles of all Board committees are documented in committee charters which are reviewed and approved by the Board annually. The Board has also established a framework for the management of the Company, including a business risk management process, the establishment of appropriate internal controls, and the adoption of ethical standards which are incorporated within a Code of Conduct.

The Board and committee charters are available on the Company's website at www.ridley.com.au

Composition of the Board

The names, profiles, qualifications and experience of the Directors in office at the date of this statement are set out on pages 32 and 33.

The composition of the Board is determined using the following principles:

- The Board should comprise Directors with a broad range of expertise, both nationally and internationally.
- The Board should comprise a minimum of six Directors. This number may be increased where it is felt that additional expertise is required in specific areas.
- The Chair of the Board will be an independent Non-Executive Director.
- The Board will comprise a majority of independent Non-Executive Directors. Currently, there are six independent Directors and the Managing Director. Dr Gary Weiss was deemed last year to be non-independent by virtue of his nomination by an entity holding a voting interest in the Company in excess of 5%. Dr Weiss ceased his association with that entity effective from 30 April 2011. The Board has assessed the relevant circumstances and consider Dr Weiss to be an Independent Director from 1 May 2011.

Remuneration of Directors

Non-Executive Directors' fees are determined by the full Board within the aggregate of $700,000 approved by the shareholders at the AGM in 2003. Non-Executive Directors are not entitled to participate in the Company's equity participation schemes outlined in the Remuneration Report, including share options or performance rights, nor do they receive incentive payments. In accordance with current corporate governance guidance, the Directors' retirement scheme was terminated at the October 2003 AGM. Directors' accrued entitlements at that date will be paid when they retire. Details of the remuneration of Directors during the year are set out in the Remuneration Report.

Board meetings

Board and committee agendas are structured throughout the year to review Company strategy and to give the Board a detailed overview of the performance and significant issues confronting each business unit and to identify major risk elements. The number of meetings held and the attendance details are set out in the Directors' Report (page 41).

Directors regularly receive detailed financial and operational reports from senior management during the year and management is available to discuss the reports and business issues with the Board. The Board also visits and holds some meetings at the Company's operating sites.

Independent professional advice

Each Director has the right to seek independent professional advice relating to the duties and obligations of a Director at the Company's expense, however prior approval of the Chair is required and is not to be unreasonably withheld.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all Directors have full and timely access to information that is relevant to the proper discharge of their duties. This access includes information such as corporate announcements, investor communications and other developments which may affect the Company and its operations as well as access to management where required.

The Company Secretary is responsible for development of Director training. All new Directors are appropriately inducted to the Company, which includes briefings on fiduciary and statutory responsibilities as well as orientation in respect of the Company's operations.

Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and Directors themselves. This role also includes responsibility for the Ridley Corporation Long Term Incentive Plan, Ridley Employee Share Scheme and incentive performance packages.

This committee is also responsible for evaluating the Board's performance; reviewing the size and composition of the Board, assessing the necessary and desirable competencies of Directors, reviewing Board succession plans, senior management succession plans and candidates to fill vacancies, and recommending their evaluations to the Board for approval.

The Board is responsible for reviewing the performance of the Chair.

The Remuneration and Nomination Committee meets at least twice a year and as required.

All members of the committee must be independent Non-Executive Directors. The Managing Director attends all meetings of the committee by invitation.

The members of the Remuneration and Nomination Committee throughout the year unless otherwise stated were:

- JM Spark, Independent Director from 27 April 2010 and Chair from 22 November 2010;
- RJ Lee, Independent Director; and
- JS Keniry, Independent Chair until his resignation on 22 November 2010.

Details of the Remuneration and Nomination Committee members' experience and technical expertise are set out in the Directors' biographies on pages 32 and 33.

Audit and Risk Committee (formerly Audit Committee)

Board policy states that the committee must consist of at least three Non-Executive Directors, the majority of which are independent as determined in accordance with the Recommendations. The role of the committee is to oversee financial reporting, internal controls, the maintenance of an effective risk management framework, including compliance and insurance, and the assurance provided by internal and external audit. The name and charter of the committee was changed during the year to reflect the transfer of responsibility for overseeing the effective management of risk from the Scientific and Operational Risk Committee to the Audit and Risk Committee.

It is good corporate governance to review the external audit appointment on a regular basis. In the 2009 financial year, KPMG were appointed as the Company's Auditor following a competitive tender process involving all four of the major Chartered Accounting firms. It is envisaged that this appointment be similarly reviewed in the future.

Details of the amounts paid for audit and other services are set out in note 20 of the Financial Report. This committee meets with the external auditor at least four times a year to discuss matters relevant to its terms of engagement and review any significant disagreements between management and the auditor. In addition, the committee meets with the auditor without the presence of management.

The Audit and Risk Committee reviews the level of non-audit services provided by the external auditor and ensures it does not adversely impact on the auditor's independence. The auditor also provides the committee with written confirmation of its professional independence. The audit partner or senior representative also attends the AGM and is available to answer any relevant shareholder questions. The Company requires the audit partner be changed at least every five years.

The Audit and Risk Committee is responsible for the independent whistleblower service that is available to all Australian employees.

The Audit and Risk Committee is responsible for the internal audit program of the Company, which is totally independent of the external audit function but designed to be complementary to it. The committee sets and agrees the internal audit program, receives and reviews all internal audit reports and meets with the internal auditor at least four times a year.

It is considered good corporate governance to review the internal audit appointment on a regular basis, and following an extensive review by the committee, Deloitte was appointed as the Company's internal auditor, and PwC as the Company's information technology internal auditor, both with effect from 1 July 2009 and for an initial two year period. These appointments were reviewed in May 2011 and each internal auditor reappointed for a further two years with effect from 1 July 2011.

The Audit and Risk Committee also gives the Board assurance regarding the accounting policies adopted, any changes in accounting policies or practices, and the corresponding financial and disclosure impacts.

The members of the Audit and Risk Committee throughout the year unless otherwise stated were:

- PM Mann, Independent Director – Chair;
- RJ Lee, Independent Director;
- GH Weiss, Director considered by the Company to be independent from 1 May 2011, from the 13 December 2010 date of appointment;
- AL Vizard, Independent Director, from the 13 December 2010 date of appointment; and
- JM Spark, Independent Director, until resignation on 13 December 2010.

Details of the Audit and Risk Committee members' experience and technical expertise are set out in the Directors' biographies on pages 32 and 33.

Ridley Innovation and Operational Committee (formerly Scientific and Operational Risk Committee)

This committee changed its name to the Ridley Innovation and Operational Committee (RIOC) to acknowledge its focus on innovation, science, research and development, and commercial opportunities, and to reflect the transfer of responsibility for oversight of risk management to the renamed Audit and Risk Committee. This committee also oversees the Company's activities and responsibilities in matters relating to the environment and carbon footprint.

The role of this committee is to oversee the Company's processes and procedures for new product development, innovation and technological and scientific advancement, aspects of general operational performance, and quality assurance. This committee must comprise at least three members, being the Company's Managing Director plus two Non-Executive Directors.

The RIOC meets quarterly or as required.

The members of the RIOC throughout the year unless otherwise stated were:

- AL Vizard, Independent Director Chair;
- J Murray, Managing Director;
- R van Barneveld, Independent Director;
- JM Spark, Independent Director, from the 13 December 2010 date of his appointment;
- JS Keniry, Independent Director, until his resignation on 22 November 2010.

Details of the RIOC members' experience and technical expertise are set out in the Directors' biographies on pages 32 and 33.

Risk management

The Company has in place a number of arrangements intended to identify and manage areas of significant business risk. These include the maintenance of Board committees, detailed and regular budgetary, financial and management reporting, established organisational structures, procedures, manuals, policies, audits (including internal and external, environmental and safety) comprehensive insurance programs and the retention of specialised staff and external advisors. The Company also has in place detailed policies and review processes covering financial and commodity risk management.

The environment

The Company aims to ensure that the highest standard of environmental care is achieved, and has in place various policies and procedures to ensure the Company is aware of, and is in compliance with, all relevant environmental legislation. More information is contained in the Company's Our People section of this annual report on page 31.

Directors' indemnity

The Company has entered into a Deed of Indemnity Insurance and Access with all Directors of Ridley Corporation Limited and with all executives appointed as Directors of controlled entities.

The Company also has in place a Directors' and Officers' Liability Insurance policy, covering all Directors and officers of the Company. The liabilities insured against include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers while working in such capacity for the Company.

Ethical standards

In pursuance of the promotion of high standards of corporate governance, the Company has adopted various internal standards and policies, which include additional disclosure of interests by Directors and guidelines relating to the dealing in Company securities by Directors and managers. The Company also has in place a Code of Conduct for all Directors and employees, a copy of which is available on the Ridley website at www.ridley.com.au

The Code of Conduct reflects the standards of behaviour and professionalism required to maintain confidence in the Company's integrity.

The Code of Conduct requires the disclosure of conflicts of interest and, if possible, their elimination. If this is not possible, Directors are required to abstain from participation in, and not be present during, any discussion or decision making process in relation to the subject matter of the conflict. Each Director is personally responsible for the full and proper disclosure to the Board of all related party transactions.

Securities trading

Directors and officers are only ever permitted to buy and sell Ridley securities when not in possession of price sensitive information and in the one month commencing two days after:

- the AGM;
- the announcement of the full year results; and
- the announcement of the half year results.

A copy of the Securities Trading Policy is available on the Ridley website at www.ridley.com.au

Hedging of Ridley securities

Directors and senior executives are not permitted to hedge their exposure to Company securities.

Margin lending

Directors and senior executives are not permitted to use Company securities as collateral in any financial transaction, including margin loan arrangements.

Continuous disclosure and shareholder communication

The Company makes timely and balanced disclosures of all material matters regarding it. All ASX releases are posted on the Company's website at www.ridley.com.au as soon as disclosure has been acknowledged by the ASX. Presentation material used in analysts' briefings is contemporaneously released to the ASX and posted on the Company's website.

Continuous disclosure is a standing agenda item for all Board meetings.

Corporate reporting

The Managing Director and the Chief Financial Officer provide the Board with an 'Integrity of the Financial Accounts Declaration' in accordance with the Corporations Act and the Best Practice Recommendations of Principles 4 and 7 of the ASX Corporate Governance Guidelines as follows:

- that the Company's financial reports are complete and present a true and fair view in all material respects of the financial position and performance of the Company and consolidated entity and are in accordance with relevant accounting standards;
- that the above statement is founded on a sound system of risk management and internal compliance and controls designed to provide reasonable assurance and which, in all material respects, implements the applicable policies adopted by the Board; and
- that the risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating efficiently and effectively in all material respects.

Compliance with the Company's financial risk management and internal control systems is tested on an ongoing basis by a formalised internal audit program, overseen by the Audit and Risk Committee, and supported by reviews of divisional compliance performed by corporate office staff. Divisional management also attest to such compliance.

Diversity and equal employment opportunity

The Company aims to provide a work environment in which employees feel that they are a valued member of the organisation, that they are treated fairly and with respect, and are given recognition for their contribution to Company success. The Company is committed to ensuring that all employees enjoy an equal employment opportunity (**EEO**), which means that employees are treated fairly and equally when employment decisions are made, that unlawful discrimination does not take place, and that each employee enjoys a harassment-free work environment.

The Company supports and promotes the principle of equal opportunity for women in the workplace. In accordance with Commonwealth laws, the Company has in place a policy and program which is aimed at identifying and removing barriers to employment and promotion opportunities for women in the workplace. Further details are provided in the Our People section of this annual report.

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Directors' Report
For the year ended 30 June 2011

The Directors of Ridley Corporation Limited (the **Company**) present their report for the Group (the **Group**), being the Company and its subsidiaries, and the Group's interest in equity accounted investments at the end of, or during, the financial year ended 30 June 2011.

1. Directors

The following persons were Directors of Ridley Corporation Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

JS Keniry (resigned 22 November 2010)
RJ Lee
PM Mann
J Murray
JM Spark
AL Vizard
RJ van Barneveld
GH Weiss

2. Principal activities

The principal continuing activities of the Group during the year were the production and marketing of stockfeed and animal feed supplements and the production of crude salt, salt refining and marketing.

3. Results

	2011 $'000	2010 $'000
Profit before income tax	30,240	38,078
Income tax expense	(924)	(8,985)
Net profit attributable to members of Ridley Corporation Limited	29,316	29,093

4. Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Financial Review section in the annual report.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

6. Likely developments

The Group will continue to pursue increasing the profitability and market share of its major business sectors during the next financial year. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

7. Dividends

Dividends paid to members during the financial year were as follows:

	2011 $'000	2010 $'000
Final dividend for the year ended 30 June 2010 of 3.75 cents (2010: 3.5 cents) per share paid on 30 September 2010	11,543	10,773
Interim dividend for the year ended 30 June 2011 of 3.75 cents (2010: 3.5 cents) per share paid on 31 March 2011	11,543	10,773
	23,086	21,546

In addition to the above, Directors have declared a final dividend of 3.75 cents per share (unfranked) totalling $11,543,140 to be paid on 30 September 2011, the financial effect of which has not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

8. Environmental regulation

The Group is subject to environmental regulation in respect of its manufacturing activities. Management ensures that any registrations, licences or permits required for the Group's operations are obtained and observed.

Ridley has environmental and risk management reporting processes that provide senior management and the Directors with periodic reports on environmental matters, including rectification actions for any issues as discovered. In accordance with its environmental procedures the Group monitors environmental compliance of all of its operations on an ongoing basis.

The Directors are not aware of any environmental matters likely to have a material financial impact.

Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result.

The Federal Government's National Greenhouse and Energy Reporting Act 2007 (Cth) (**NGER**) introduced a national framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects and energy use and production. To comply with this legislation Ridley is required to report annually. As in prior years, Ridley will submit a compliant NGER report in 2011.

9. Directors' and executives' remuneration

Refer to the Remuneration Report.

10. Share options and performance rights

Unissued ordinary shares of Ridley Corporation Limited and controlled entities under options and performance rights at the date of this report are as follows:

	Number	Expiry Date
Ridley Corporation Long Term Incentive Plan (performance rights)	3,418,000	Various
Ridley Employee Share Scheme (options)*	3,281,725	Various

* The share grant and supporting loan together in substance comprise a share option.

No holder has any right under the plans to participate in any other share issue of the Company or of any other entity. The entity will issue shares when the options and performance rights are exercised. Further details are provided in note 23 in the financial report and the remuneration report.

The names of all persons who currently hold options granted under the option plans are entered in the register kept by the Company, pursuant to section 215 of the Corporations Act 2001. The register is available for inspection at the Company's registered office.

11. Information on Directors

Particulars of shares and options held by Directors in the Company together with a profile of the Directors are set out in the Board of Directors section in the annual report and note 22 in the Financial Report.

12. Meetings of Directors

The number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director are shown as follows.

	Board		Audit and Risk Committee[5]		Remuneration and Nomination Committee		Ridley Innovation and Operational Committee[6]		Finance Committee[4]	
	H	A	H	A	H	A	H	A	H	A
Directors										
JS Keniry[1]	3	2	-	-	3	3	1	1	-	-
RJ Lee	10	10	5	5	5	4	-	-	1	1
PM Mann	10	10	5	5	-	-	-	-	-	-
J Murray	10	10	-	-	5	5	3	3	1	1
JM Spark	10	10	3[3]	3	5	5	2[3]	2	1	1
AL Vizard	10	10	2[2]	2	-	-	3	3	-	-
RJ van Barneveld	10	9	-	-	-	-	3	2	-	-
GH Weiss	10	7	2[2]	0	-	-	-	-	-	-

H Number of meetings held during period of office.

A Number of meetings attended.

1. Resigned on 22 November 2010.
2. Appointed to Audit and Risk Committee on 22 November 2010.
3. Resigned from Audit and Risk Committee and appointed to Ridley Innovation and Operational Committee on 13 December 2010.
4. Specifically constituted to renegotiate banking facility.
5. Formerly Audit Committee.
6. Formerly Scientific and Operational Risk Committee.

13. Company Secretary

The company secretary during the year was Mr Alan Boyd who was appointed on 27 July 2009. Mr Boyd is the Group's Chief Financial Officer and is a Fellow of the Chartered Institute of Company Secretaries and a member of the Institute of Chartered Accountants in Australia.

14. Post balance date events

No matters or 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.

15. Insurance

Regulation 113 of the Company's Constitution indemnifies officers to the extent now permitted by law.

A Deed of Indemnity (**Deed**) was approved by shareholders at the 1998 Annual General Meeting. Subsequent to this approval, the Company has entered into the Deed with all the Directors and the secretary of the Company and the Directors of all the subsidiaries.

The Deed requires the Company to maintain insurance to cover the Directors in relation to liabilities incurred while acting as a Director of the Company or a subsidiary and costs involved in defending proceedings.

During the year the Company paid a premium in respect of such insurance covering the Directors and secretaries of the Company and its Australian-based controlled entities, and the general managers of each division of the Group.

16. Non-audit services

The Company may decide to employ the auditor (KPMG) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board has considered the non-audit services and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 50.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	$
Tax services	110,322
Other services	137,880
Total	**248,202**

17. 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 Investments Commission relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the Directors' Report and the consolidated financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order or in certain cases to the nearest dollar.

Signed in Melbourne on 24 August 2011 in accordance with a resolution of the Directors.

JM Spark
Director

Remuneration Report

The Directors of Ridley Corporation Limited (Ridley or Company) present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and the Group, being the Company and its subsidiaries, and the Group's interest in equity accounted investments, for the financial year ended 30 June 2011. This report forms part of the Directors' Report for the year ended 30 June 2011.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee (the **Committee**), consisting of at least two Independent Non-Executive Directors, advises the Ridley Board of Directors (**Board**) on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors. The Committee is also responsible for evaluating the Board's performance, reviewing Board size and composition and setting the criteria for membership and candidates to fill vacancies.

Executive remuneration and other terms of employment are reviewed annually by the Committee, having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

Remuneration of Directors and executives

Principles used to determine the nature and amount of remuneration

Remuneration packages are set at levels that are intended to attract and retain Directors and executives capable of directing and managing the Group's diverse operations and achieving the Group's strategic objectives.

Executive remuneration is structured to align reward with the achievement of annual objectives, successful business strategy implementation and shareholder returns. The remuneration strategy is to offer a base total employment package that can attract talented people, to provide short term performance incentives to encourage exemplary performance, and to provide long term incentives to foster loyalty and staff retention.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current year. Since 2004, the Group's profit from ordinary activities after income tax and significant items has fluctuated significantly. The sale of Ridley Inc in the 2009 financial year facilitated the retirement of significant debt and also reduced the Group's exposure to the fluctuations in the US markets. Since 2002, when the current remuneration structure was fully implemented, incentive payments have fluctuated in line with business performance.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration and Nomination Committee has regard for the following indices in respect of the current financial year and the previous four financial years.

		2011	2010	2009	2008	2007
Profit attributable to owners of Ridley Corporation Ltd	$'000	**29,316**	29,093	(39,533)	10,505	22,673
Dividends paid	$'000	**23,086**	21,546	21,075	20,586	19,911
Change in share price	$	**0.08**	0.37	(0.39)	-	0.05
Return on shareholders' funds before significant items	%	**10.2**	10.4	6.8	4.2	7.6

Non-Executive Directors

Directors' fees

Directors' fees were last reviewed with effect from 1 November 2003. The Chair of the Audit and Risk Committee, Ridley Innovation and Operational Committee and Non-Executive Directors who sit on more than one committee, receive additional fees.

Non-Executive Directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit, which is periodically recommended to shareholders for approval. The maximum currently stands at $700,000 as approved at the 2003 Annual General Meeting.

Retirement allowances for Directors

At the 2003 Annual General Meeting, shareholders approved the termination of the retirement allowance scheme. Directors' accrued entitlements at 31 October 2003 were frozen and will be paid when they retire.

Executives

The executive pay and reward framework has three components:

- base pay and benefits;
- short term incentives; and
- long term incentives.

The combination of these comprises the executive's total remuneration.

Base pay and benefits

Executives receive a total employment cost package which may be delivered as a mix of cash and, at the executive's discretion, certain prescribed non-financial benefits, including superannuation in excess of the superannuation contribution guarantee payments.

External consultants provide analysis and advice to ensure base pay and benefits are set to reflect the market rate for a comparable role. An executive's pay may also be reviewed on promotion.

The Group sponsors the Ridley Superannuation Plan – Australia and contributes to other employee nominated superannuation plans. The fund provide benefits either on a defined benefit or defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement.

Short term incentives

Executives and employees in senior positions are eligible for short term incentive (**STI**) payments based on two components, being the financial performance of the Group and the overall performance of the individual as measured against key performance indicators (**KPIs**). The STI is payable in cash after the release of the full year financial results.

Each year, appropriate KPIs are set to align the STI plan with the priorities of the Group through a process which includes setting stretch target and minimum performance levels required to trigger payment of an STI.

The Group financial performance component of the STI is assessed against profit (and potentially other financial measures) targets set at the commencement of the financial year. Profit, as measured by earnings before interest and tax, was selected as the most appropriate widespread performance measure for the financial performance component of the STI, as it is considered to be the primary key indicator of success of the Group over the short term.

The personal KPI component of the STI is earned based on an assessment of each executive's performance against their individual KPIs for the year.

For the year ended 30 June 2011, the KPIs were based on Group or individual business unit financial performance and personal objectives. The KPIs required performance in improving safety throughout the Group, reducing operating costs and achieving specific targets in relation to returns on assets as well as other key strategic non-financial measures.

Following the end of the financial year, financial results and each executive's performance against KPIs have been reviewed to determine STI payments for each executive.

Long term incentives

In the year ended 30 June 2011, executives' and employees' long term incentives were provided by way of participation in the Ridley Corporation Long Term Incentive Plan, Ridley Employee Share Scheme and one-off retention plans. These long term incentive programs align the interests of executives more closely with those of Ridley shareholders and reward sustained superior performance.

Directors and senior executives are not permitted to enter into any transaction that is designed or intended to hedge their exposure to Ridley securities.

Current long term incentive plans

Ridley Corporation Long Term Incentive Plan **(LTIP)**

The purpose of the LTIP is to provide long term rewards that are linked to shareholder returns. This plan was introduced in October 2006 and replaced the Ridley Corporation Incentive Option Plan.

Under the LTIP, selected executives and the Managing Director may be offered a number of performance rights (**Rights**). Each Right provides the entitlement to acquire one Ridley share at nil cost.

Rights vest subject to Total Shareholder Return (**TSR**) performance relative to the companies ranked from 101 to 300 in the ASX/S&P 300 as defined at the date of grant. TSR was selected as the performance measure for the LTIP due to its alignment with the value created for shareholders. Performance is measured over the three-year period from the date of grant. 50% of the Rights vest if Ridley ranks at the 51st percentile, and 100% vest if Ridley ranks at the 75th percentile or above. There is straight line vesting of the balance from 50% to 100% between the 51st percentile and 75th percentile. The TSR of Ridley and the comparator companies is measured at the end of the performance period by an independent third party which submits results to the Remuneration and Nomination Committee for determination of vesting. To the extent that the performance criteria are met, the Rights are automatically exercised to acquire shares. If the performance criteria are not satisfied, the Rights lapse.

If Ridley is subject to a change of control during the vesting period, the Rights may vest to participants at that time, subject to performance testing and the discretion of the Board.

If a participant ceases employment prior to the end of the vesting period due to retirement, redundancy, permanent disability or death, any unvested Rights may vest to participants, subject to performance testing and the discretion of the Board. If a participant ceases employment prior to the end of the vesting period due to resignation, dismissal or any other reason that makes the participant no longer eligible for the plan under the rules of the plan, any unvested Rights will lapse.

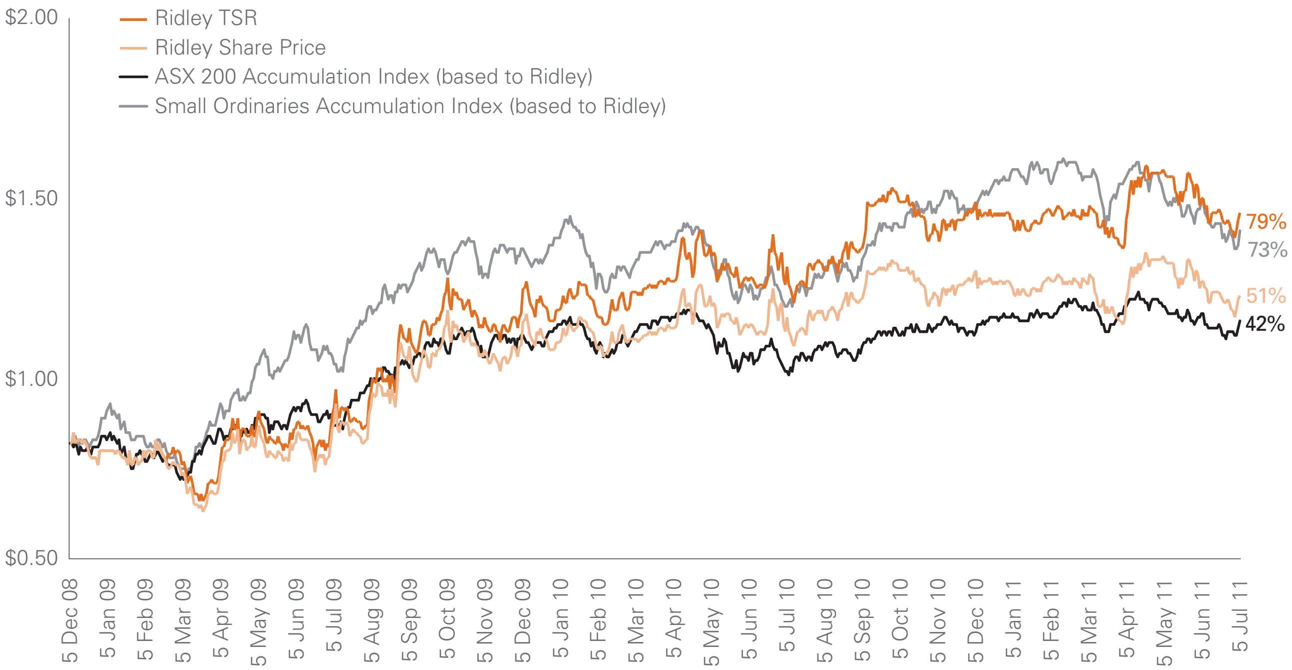
The shares to satisfy awards under the plan may be newly issued or purchased on-market.

During the year ended 30 June 2011, 2,793,000 (2010: 375,000) Rights were issued under the plan, of which 1,643,000 (2010: 300,000) were granted as remuneration to KMP.

The following table provides a summary of Ridley TSR performance for each tranche of Rights on issue at year end measured against the median and average percentage rankings amongst competitors and using 30 June 2011 as the hypothetical end date. TSR calculations use a 30 day average period rather than a single day start date for the commencement of each vesting period. The number of comparison companies reflects the loss of companies from the 101 to 300 range of the index, for example due to takeover or de-listing.

Start Date	TSR Ridley	Median TSR Comparison	Average TSR Comparison	Comparison Count	Number of Rights on Issue	Hypothetically Vested at 30 June 2011
5 December 2008	73.4%	40.9%	85.4%	169	300,000	222,000
14 April 2009	107.7%	52.7%	82.4%	171	225,000	198,750
5 December 2009	25.3%	-4.1%	-0.8%	177	300,000	297,600
5 December 2010	-0.6%	-3.4%	-5.0%	181	2,593,000	1,475,417

Comparison of growth of Ridley Corporation Ltd share price to the ASX Small Ordinaries and ASX 200 Accumulation Index



Ridley Employee Share Scheme

Under the Ridley Employee Share Scheme (**Scheme**), shares are offered to all permanent Australian employees with a minimum of 12 months' service, at a discount of up to 50%, financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000 annually in accordance with current Australian taxation legislation. Dividends on the Scheme shares are applied against any loan balance until such balance is fully extinguished. The amount of the discount and number of shares allocated is at the discretion of the Directors. The purpose of the Scheme is to align employee and shareholder interests. 542,880 (2010: 615,384) shares were issued under the Scheme during the year. The total market value of the shares issued, which were purchased on-market, was $712,000 (2010: $731,000).

Directors and key management personnel

The following persons were the Directors and executives with the greatest authority for the strategic direction and management of the Group (**key management personnel** or **KMP**) during the current financial year and include the five highest paid executives within the Group and the Company:

Name	Position	Appointed/Resigned
Directors		
JS Keniry	Chairman	Resigned 22 November 2010
JM Spark	Chairman[1]	
RJ Lee	Deputy Chairman[1]	
J Murray	Managing Director and Chief Executive Officer – Ridley	
PM Mann	Director	
AL Vizard	Director	
RJ van Barneveld	Director	
GH Weiss	Director	
Executives		
AM Boyd	Chief Financial Officer and Company Secretary – Ridley	
PJ Weaver	Chief Executive Officer – Ridley AgriProducts	
AL Speed	Chief Executive Officer – Cheetham Salt	
CW Klem	Strategy and Corporate Development – Ridley	
AM Mooney	Group General Manager – Commercial – Ridley	
RN Lyons	General Manager Corporate Development – Ridley AgriProducts	
S Butler	Property Development Manager – Ridley	

1. Appointed to Chairman and Deputy Chairman on 22 November 2010

Details of remuneration

Details of the remuneration of each Director of Ridley Corporation Limited, each of the KMP of the Group and the five most highly remunerated senior executives of the Company and the Group during the financial year are set out below. In accordance with the requirements of Section 300A of the Corporations Act 2001 and Regulation 2M.3.03, the remuneration disclosures for financial years 2011 and 2010 only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP.

All values are in A$ unless otherwise stated.

2011	Short Term Benefits			Post-Employment Benefits	Other	Share-Based Payments		
Name	**Directors' Fees and Cash Salary $**	**STI $**	**Other Benefits $**	**Super-annuation $**	**Retirement[5] $**	**Performance Rights/ Options $**	**Total $**	**%[3]**
Directors								
JS Keniry – Chairman[1]	63,856	-	-	5,706	235,380	-	304,942	-
RJ Lee	92,597	-	-	7,844	-	-	100,441	-
J Murray – Managing Director^	603,930	209,258	-	50,000	-	124,250	987,438	13%
PM Mann	77,839	-	-	7,077	-	-	84,916	-
JM Spark[2]	137,349	-	-	13,692	-	-	151,041	-
AL Vizard	70,686	-	-	6,616	-	-	77,302	-
RJ van Barneveld	70,176	-	-	7,018	-	-	77,194	-
GH Weiss[4]	74,545	-	-	1,288	-	-	75,833	-
Total Directors	**1,190,978**	**209,258**	**-**	**99,241**	**235,380**	**124,250**	**1,859,107**	
Executives								
AM Boyd^	328,200	77,000	-	42,800	-	51,106	499,106	10%
PJ Weaver	346,995	58,323	-	28,355	-	51,023	484,696	11%
AL Speed	324,801	52,780	-	15,199	-	51,023	443,803	11%
CW Klem^	235,227	31,500	-	23,523	-	12,995	303,245	4%
AM Mooney^	83,712	10,200	-	9,595	-	39,162	142,669	27%
RN Lyons	254,019	33,163	-	25,402	-	39,162	351,746	11%
S Butler^	183,410	25,200	-	17,790	-	12,995	239,395	5%
Total executives	**1,756,364**	**288,166**	**-**	**162,664**	**-**	**257,466**	**2,464,660**	
Total	**2,947,342**	**497,424**	**-**	**261,905**	**235,380**	**381,716**	**4,323,767**	

1. Resigned 22 November 2010.
2. Appointed Chairman from 22 November 2010.
3. Percentage remuneration consisting of performance rights/options.
4. Director fee paid to GPG Services Pty Ltd from 1 July 2010 to 30 April 2011.
5. At the 2003 Annual General Meeting, shareholders approved the termination of the retirement allowance scheme. JS Keniry received an accrued entitlement frozen at 31 October 2003.

^ Highest paid executives in Ridley Corporation Ltd as required by the Corporations Act.

The salary package may be allocated at the executive's discretion to cash, superannuation (subject to legislative limits), motor vehicle and certain other benefits.

2010		Short Term Benefits		Post-Employment Benefits	Other	Share-Based Payments		
Name	Directors' Fees and Cash Salary $	STI $	Other Benefits $	Super-annuation $	Termination $	Performance Rights/ Options $	Total $	%[5]
Directors								
JS Keniry – Chairman	160,550	-	-	14,450	-	-	175,000	-
RJ Lee[6]	106,422	-	-	9,578	-	-	116,000	-
J Murray – Managing Director^	585,500	349,525	-	50,000	-	94,067	1,079,092	9%
PM Mann	77,064	-	-	6,936	-	-	84,000	-
JM Spark[6]	68,545	-	-	6,289	-	-	74,834	-
AL Vizard	67,890	-	-	6,110	-	-	74,000	-
RJ van Barneveld[1]	2,277	-	-	207	-	-	2,484	-
GH Weiss[1, 2]	2,027	-	-	-	-	-	2,027	-
Total Directors	**1,070,275**	**349,525**	**-**	**93,570**	**-**	**94,067**	**1,607,437**	
Executives								
AM Boyd^	328,500	142,800	-	25,000	-	26,250	522,550	5%
PJ Weaver	287,879	119,880	7,336	29,118	-	30,579	474,792	6%
AL Speed	300,539	70,125	-	14,461	-	30,579	415,704	7%
CW Klem^	229,544	66,300	-	22,955	-	996	319,795	0%
AM Mooney^	214,647	59,989	16,701	21,153	-	30,579	343,069	9%
RN Lyons	222,700	66,406	-	50,000	-	30,579	369,685	8%
S Butler^	166,789	44,982	-	15,010	-	996	227,777	0%
WH Fell[3]	187,007	-	-	18,701	2,967	-	208,675	-
GP Watts[4]	39,195	-	-	8,333	218,649	-	266,177	-
Total executives	**1,976,800**	**570,482**	**24,037**	**204,731**	**221,616**	**150,558**	**3,148,224**	
Total	**3,047,075**	**920,007**	**24,037**	**298,301**	**221,616**	**244,625**	**4,755,661**	

1. Appointed 21 June 2010.
2. Director fee paid to GPG Services Pty Ltd.
3. Resigned 4 March 2010.
4. Resigned 24 August 2009. Termination payment represents balance not recorded in 2009.
5. Percentage remuneration consisting of performance rights/options.
6. Mr Lee was Deputy Chairman up to 21 June 2010 and Mr Spark appointed as Deputy Chairman from 21 June 2010.

^ Highest paid executives in Ridley Corporation as required by the Corporations Act.

Service agreements

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement which includes provision of performance related bonuses and other benefits, and participation, when eligible, in the Ridley Corporation Long Term Incentive Plan. Other major provisions of the agreement relating to remuneration are set out below.

J Murray, Managing Director, Ridley Corporation Limited:

- term of agreement – four years ending 19 November 2014;
- base remuneration, inclusive of superannuation, initially of $653,930 but to be reviewed annually commencing on 1 July 2011, with base salary increasing by the greater of the percentage increase in CPI (All Groups, eight capital cities) for the twelve months ended 31 March and the amount agreed between the Managing Director and the Company as a result of any independent review commissioned at the discretion of the Board;
- payment of termination benefit on early termination by the employer, other than for cause, is not to exceed the threshold above which shareholder approval is required under the Corporations Act 2001, and comprises any amount of the total remuneration package accrued but unpaid at termination, plus accrued but unpaid leave entitlements, and any other entitlements accrued under applicable legislation; and
- performance incentive payments up to 100% of base salary based on the achievement of certain agreed KPIs as approved by the Board.

Other senior executives have individual contracts of employment but with no fixed term of employment.

Notice periods

The notice period for terminating employment of key management personnel ranges from three months to six months for executives and twelve months for the Managing Director. The Managing Director may resign at any time and for any reason by giving Ridley three months' notice in writing.

For each STI and grant of options and performance rights included in the above tables, the percentage of the available STI or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria, are set out below.

		STI Payment	
Name	**Total Potential of Base Salary %**	**Paid %**	**Forfeited%**
J Murray	100	32	68
AM Boyd	50	20	30
PJ Weaver	50	15	35
AL Speed	50	15	35
CW Klem	30	12	18
AM Mooney^	30	12	18
RN Lyons	30	12	18
S Butler	30	12	18

^ From 1 February 2011.

Share based compensation – Rights

The terms and conditions of each grant of Rights during the year to Directors, key management personnel and senior staff in this financial year are as follows:

Grant Date	Expiry/ Exercisable Date	Number	Value Per Right at Grant Date
5 December 2010	5 December 2013	2,793,000	$0.61

Equity instrument disclosures relating to Directors and executives

Performance rights provided as remuneration

Details of Rights over ordinary shares in the Company provided as remuneration to the Managing Director of Ridley Corporation Limited and each of the other key management personnel of the Group are set out below. When exercisable, each performance right is convertible into one ordinary share of Ridley Corporation Limited. Non-Executive Directors do not participate in the LTIP and are therefore ineligible to receive Rights.

Recipients of Performance Rights	Balance at 1 July 2010	Granted[1]	Exercised/ Vested	Lapsed/ Forfeited	Balance at 30 June 2011[3]	Date Exercised	Value Per Share at Date of Exercise
Directors							
J Murray	550,000	643,000	(550,000)	-	643,000	31 October 2010[2]	$1.28
Key management personnel							
AM Boyd	225,000	200,000	-	-	425,000	-	-
PJ Weaver	225,000	200,000	(75,000)	-	350,000	31 October 2010	$1.28
AL Speed	225,000	200,000	(75,000)	-	350,000	31 October 2010	$1.28
CW Klem	-	100,000	-	-	100,000	-	
AM Mooney	225,000	100,000	(75,000)	-	250,000	31 October 2010	$1.28
RN Lyons	225,000	100,000	(75,000)	-	250,000	31 October 2010	$1.28
S Butler	-	100,000	-	-	100,000	-	-
Total issued to Directors and key management personnel	**1,675,000**	**1,643,000**	**(850,000)**	**-**	**2,368,000**	**-**	**-**

1. Performance rights granted on 5 December 2010.
2. Performance rights exercised on 31 October 2010: 337,000 and 13 May 2011: 213,000.
3. Performance rights are due to vest between December 2011 through to December 2013.

Auditor's Independence Declaration

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 audit for the financial year ended 30 June 2011 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

KPMG

Paul J McDonald
Partner

Melbourne
24 August 2011

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

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	3	**1,241**	1,102
Expenses from continuing operations			
Selling and distribution		**(13,222)**	(12,777)
General and administrative		**(29,346)**	(28,116)
Finance costs	4	**(9,902)**	(8,314)
Business acquisition costs	4	**(640)**	-
Share of net profits from equity accounted investments	33	**7,056**	7,251
Profit from continuing operations before income tax expense		**30,240**	38,078
Income tax expense	6	**(924)**	(8,985)
Net profit after tax attributable to members of Ridley Corporation Limited		**29,316**	29,093
Earnings per share			
Basic earnings per share	29	**9.5¢**	9.5¢
Diluted earnings per share	29	**9.5¢**	9.5¢

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Net profit after tax attributable to members of Ridley Corporation Limited		**29,316**	29,093
Other comprehensive income			
Actuarial gain/(loss) on defined benefit superannuation	24	**(243)**	(140)
Income tax		**73**	42
Changes in the fair value of cash flow hedges	16	**1,236**	2,026
Income tax		**(371)**	(608)
Exchange differences on translation of foreign operations	16	**(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	8	**88,969**	82,031
Inventories	9	**91,533**	90,549
Total current assets		**193,749**	179,586
Non-current assets			
Investments accounted for using the equity method	33	**52,486**	50,324
Property, plant and equipment	10	**233,383**	225,179
Intangible assets	11	**44,416**	29,211
Total non-current assets		**330,285**	304,714
Total assets		**524,034**	484,300
Current liabilities			
Payables	13	**92,695**	96,157
Borrowings	28	**1,932**	2,064
Tax liabilities	12	**1,551**	7,329
Provisions	14	**14,267**	10,558
Derivative financial instruments	17	**8**	1,245
Total current liabilities		**110,453**	117,353
Non-current liabilities			
Borrowings	28	**113,454**	76,924
Deferred tax liabilities	12	**7,835**	3,868
Provisions	14	**1,050**	907
Retirement benefit obligations	24	**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	15	**237,531**	237,531
Reserves	16	**36,294**	35,937
Retained profits	16	**17,145**	11,689
Total equity		**290,970**	285,157

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Share Capital	Revaluation Reserve	Share Based Payment Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	Note 15 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	$'000
Balance at 1 July 2010	**237,531**	**37,263**	**(250)**	**(865)**	**(211)**	**11,689**	**285,157**
Profit for the year	-	-	-	-	-	29,316	**29,316**
Other comprehensive income							
Actuarial gain/(loss) on defined benefit superannuation, net of tax	-	-	-	-	-	(170)	**(170)**
Transfer within equity	-	-	-	-	-	-	**-**
Changes in the fair value of cash flow hedges, net of tax	-	-	-	865	-	-	**865**
Exchange differences on translation of foreign operations	-	-	-	-	(714)	-	**(714)**
Total other comprehensive income for the year	**-**	**-**	**-**	**865**	**(714)**	**(170)**	**(19)**
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	-	(23,086)	**(23,086)**
Share based payment transactions	-	-	206	-	-	(604)	**(398)**
Balance at 30 June 2011	**237,531**	**37,263**	**(44)**	**-**	**(925)**	**17,145**	**290,970**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For the year ended 30 June 2010

	Share Capital	Revaluation Reserve	Share Based Payment Reserve	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	Note 15 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	Note 16 $'000	$'000
Balance at 1 July 2009	**237,531**	**35,983**	**(386)**	**(2,283)**	**(154)**	**5,520**	**276,211**
Profit for the year	-	-	-	-	-	29,093	**29,093**
Other comprehensive income							
Actuarial gain/(loss) on defined benefit superannuation, net of tax	-	-	-	-	-	(98)	**(98)**
Transfer within equity	-	1,280	-	-	-	(1,280)	**-**
Changes in the fair value of cash flow hedges, net of tax	-	-	-	1,418	-	-	**1,418**
Exchange differences on translation of foreign operations	-	-	-	-	(57)	-	**(57)**
Total other comprehensive income for the year	**-**	**1,280**	**-**	**1,418**	**(57)**	**(1,378)**	**1,263**
Transactions with owners recorded directly in equity							
Dividends paid	-	-	-	-	-	(21,546)	**(21,546)**
Share based payment transactions	-	-	136	-	-	-	**136**
Balance at 30 June 2010	**237,531**	**37,263**	**(250)**	**(865)**	**(211)**	**11,689**	**285,157**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Note	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	26	**35,472**	39,426
Cash flows from investing activities			
Acquisition of controlled entities and business operations, net of cash acquired	5	**(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
Non-cash financing and investing activities	27		

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1. Summary of significant accounting policies

Ridley Corporation Limited (the **Company**) is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements as at and for the year ended 30 June 2011 comprise Ridley Corporation Limited, the 'parent entity', its subsidiaries and the Group's interest in equity accounted investments. Ridley Corporation Limited and its subsidiaries together are referred to in this Financial Report as 'the Group'.

The Financial Report was authorised for issue by the Directors on 24 August 2011.

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

Basis of preparation

Statement of compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (**AASBs**) (including Interpretations) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) and interpretations adopted by the International Accounting Standards Board (**IASB**).

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the balance sheet:

- derivative financial instruments at fair value through profit or loss; and
- land and buildings and salt fields, which are measured at fair value.
- Cash-settled share based payment arrangements, which are measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the consolidated financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs 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 estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of goodwill and other non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). The recoverable amounts of cash generating units have been determined by value-in-use calculations that require the use of key assumptions including future cash flows, discount rates and growth rates. The Group has not considered any impact of the proposed carbon tax legislation as it remains as draft legislation at the financial year end.

Note 1. Summary of Significant Accounting Policies continued

(ii) Defined benefit superannuation

The Group has obligations for defined benefit superannuation. The value of the obligations is based on independent actuarial valuations.

(iii) Land and buildings and salt field valuations

Land and buildings are measured at fair value which is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers.

Salt fields are valued on a value-in-use basis by external independent valuers. The salt field valuations require the use of key assumptions, being the future cash flows, discount rates and growth rates.

Basis of consolidation

Business combinations

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Transaction costs that the Group incurs in connection with a business combination, such as legal, due diligence and other professional and consulting fees, are expensed as incurred.

Subsidiaries

Subsidiaries are all those entities, including special purpose entities, over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries is shown separately in the Consolidated Income Statements and Consolidated Balance Sheet respectively.

Associates and joint venture entities

Associates and joint venture entities are those entities over which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed when the Group holds between 20% and 50% of the voting rights. Investments in associates and joint venture entities are in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates and joint venture entities includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' and joint venture entities' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable reduce the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint venture entities are eliminated to the extent of the Group's interests in the associates and joint venture entities. Accounting policies of associates and joint venture entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint venture operations

A joint venture operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The proportionate interests in the assets, liabilities, income and expenses of the joint operation have been incorporated within the financial statements under the appropriate headings.

Segmental reporting

The Group determines and presents operating segments based on information that internally is provided to the CEO, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the income statement as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

Property, plant and equipment

Land and buildings and salt fields are measured at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. All other property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings and salt fields are credited, net of tax, to the revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Note 1. Summary of significant accounting policies continued

Land and salt fields are not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings – 13 to 40 years
- Plant and equipment – 2 to 30 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets and financial assets. A disposal group as a whole is measured at the lower of its carrying amount and its fair value less cost to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Current assets, deferred tax assets and liabilities, employee benefits and financial instruments within a disposal group are measured in accordance with the relevant accounting standards.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Ridley Corporation Limited and its wholly-owned Australian-controlled entities are part of a tax consolidated group. The entities in the tax consolidated group are part a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ridley Corporation Limited. The agreement provides for the allocation of income tax liabilities between the entities should Ridley Corporation Limited default on its payment obligations. At balance date the possibility of default is considered to be remote.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Ridley Corporation Limited for any current tax payable assumed and are compensated by Ridley Corporation Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ridley Corporation Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. Amounts payable and receivable between Ridley Corporation Limited and the wholly-owned entities are settled through the intercompany accounts.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Note 1. Summary of significant accounting policies continued

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Derivative financial instruments, including hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement unless the derivative is designated as a hedging instrument, in an effective cash flow hedge, where the gain or loss is deferred within equity until the underlying hedged item affects the income statement.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedges

The Group enters into interest rate swaps to mitigate the risk associated with changes in the value of future cash flows in relation to variable rate debt due to fluctuations in the interest rate. The effective portion of changes in the fair value of the interest rate swaps that are designated and qualify as cash flow hedges are recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are recycled in the income statement within finance costs in the periods when the hedged item will affect the income statement.

When a hedging instrument expires or is terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement.

Certain derivative instruments, including foreign exchange contracts and interest rate swaps, may not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other income or other expenses.

Finance costs

Finance costs include interest, unwinding of the effect of discounting on provisions, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings, including lease finance charges. Borrowing costs are expensed as incurred unless they relate to qualifying assets, being assets which normally take more than 12 months from commencement of activities necessary to prepare for their intended use or sale to the time when substantially all such activities are complete. Where funds are borrowed specifically for the production of a qualifying asset, the interest on those funds is capitalised, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates, accounted for using the equity method. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Software

Software has a finite useful life and is carried at cost less accumulated amortisation and impaired losses. The cost of system development including purchased software is capitalised and amortised over the estimated useful life, being three to eight years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Employee benefits

(i) Defined benefit superannuation funds

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The calculations for the Group's defined benefit plan are performed annually by a qualified actuary.

A liability or asset in respect of defined benefit superannuation funds is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the fund's or plan's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the funds or plans to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses are recognised in retained earnings via the statement of other comprehensive income.

Past service costs are recognised immediately in profit or loss, unless the changes are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period. Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(iii) Share based payments

Share based compensation benefits are provided to employees via incentive plans described in note 23.

Ridley Corporation Long Term Incentive Plan

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period during which the employees become unconditionally entitled to the performance rights.

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non tradeable nature of the performance rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance rights.

Note 1. Summary of significant accounting policies continued

Ridley Employee Share Scheme

Shares issued to employees under the Ridley Employee Share Scheme vest immediately on grant date. Employees can elect to receive an interest free loan to fund the purchase of the shares. The shares issued are accounted for as 'in-substance' options which vest immediately. The fair value of these 'in-substance' options is recognised as an employee benefit expense with a corresponding increase in equity. The fair value at grant date is independently determined using a binomial option pricing model.

(iv) Wages and salaries, bonuses, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, bonuses, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in accruals and provisions for employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(v) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (iv) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(vi) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in both employee benefit liabilities and costs.

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised development expenditure is measured at cost less accumulated depreciation and accumulated impairment losses as part of property, plant and equipment.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are determined on the first in, first out and weighted average cost methods. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Revenue recognition

Revenue from the sale of goods in the course of ordinary business is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Sales revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer.

The Group recognises revenue when pervasive evidence exists, usually in the form of an executed sales agreement, that 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 revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Interest income is recognised using the effective interest rate method.

Dividend income is recognised as revenue when the right to receive payment is established.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An impairment allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables and where suitable insurance arrangements or collateral do not cover any uncollected amounts.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate, and is recognised in the income statement.

The amount of the impairment loss is recognised in the income statement. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the income statement.

Leased assets

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the lower of the fair value of the leased property and the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and finance costs. The lease asset is amortised over the shorter of the term of the lease and the life of the asset.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Provisions

A provision is recognised if, as a result of a past event, the Group 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.

Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case 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 taxation authority is included as a current receivable or payable in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Note 1. Summary of significant accounting policies continued

Determination of fair values

A number of the Group'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. When applicable, further information about the assumptions in determining fair values is disclosed in the notes specific to that asset or liability.

Land and buildings and salt fields

An external, independent valuation company, having appropriate recognised professional qualifications values the Group's land and buildings and salt fields at least every three years. The fair values are based on fair market value based on existing use.

Salt fields fair value is the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and seller acting at arm's length.

Derivative financial instruments

The fair value of forward exchange contracts are estimated using listed market prices if available. If a listed market price is not available then the fair value is estimated by discounting the contractual cash flows at their forward price and deducting the current spot rate.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date.

Non-derivative financial assets and liabilities

The net fair value of cash and non interest bearing monetary financial assets and liabilities of the Group approximates their carrying amounts.

New accounting standards and interpretations

The following standards, amendments and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this Financial Report.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9

AASB 9 addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards

In December 2009, the Australian Accounting Standards Board (AASB) issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. The amendments are not expected to have a significant impact on the financial statements.

AASB 1054 Australian Additional Disclosures, AASB 2011-1 and AASB 2011-2 Amendments to Accounting Standards Arising from the Trans-Tasman Convergence project

These standards remove many of the additional domestic disclosures previously required under standards to align the requirements of accounting standards for publicly accountable for-profit entities in Australia and New Zealand. The amendments become mandatory in future reporting periods and are not expected to have a significant impact on the financial statements.

IFRS 11 Joint Arrangements

Addresses the accounting for joint arrangements. The standard outlines whether a joint arrangement is accounted for using the equity method or partial consolidation. The standard is not applicable until 1 January 2013. The Group is yet to assess its full impact.

	2011 $'000	2010 $'000

Note 2. Revenue

	2011 $'000	2010 $'000
Revenue from continuing operations		
Sale of goods	**723,702**	727,968

Note 3. Other income

	2011 $'000	2010 $'000
Other income from continuing operations		
Profit on sale of joint venture operation	**439**	-
Foreign exchange gains – net	**185**	104
Rent received	**69**	91
Other	**548**	907
	1,241	1,102

Note 4. Expenses

Profit from continuing operations before income tax is arrived at after charging the following items:

	2011 $'000	2010 $'000
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
Bad and doubtful debt expense – net	**380**	354
Employee benefits expense	**72,930**	63,343
Operating lease expense	**4,725**	4,887
Loss on disposal of property, plant and equipment	**30**	215
Business acquisition costs		
Legal, professional and valuation services	**640**	-

Note 5. 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 $13,100,000 of revenue and profit of $1,400,000 to the consolidated results. If the acquisition had occurred on 1 July 2010, management estimates that consolidated revenue would have been $31,100,000 and consolidated after tax profit from the period would have been $5,900,000. 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.

Note 5. Acquisitions continued

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 $3,000,000 of contingent consideration during the year ending 30 June 2012 subject to the acquiree reaching earnings performance targets for the first 12 months after 1 March 2011. An amount of $2,860,000 has been provided for 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 $2,907,000, 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 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)
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 $1,000,000, which resulted in goodwill of $451,000. 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.

Transactions separate from the acquisitions

The Group incurred acquisition related costs of $640,000 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.

	2011 $'000	2010 $'000

Note 6. Income tax expense

(a) Income tax expense

	2011 $'000	2010 $'000
Current tax	**3,421**	7,908
Deferred tax	**3,669**	993
Under/(over) provided in prior years#	**(6,166)**	84
Aggregate income tax expense	**924**	8,985
Income tax expense is attributable to:		
Profit from continuing operations	**924**	8,985
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 12)	**351**	620
Increase/(decrease) in deferred tax liabilities (note 12)	**3,318**	373
	3,669	993

(b) Reconciliation of income tax expense and pre-tax accounting profit

	2011 $'000	2010 $'000
Profit before income tax expense	**30,240**	38,078
Income tax using the Group's tax rate of 30%	**9,072**	11,423
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit of equity accounted investments	**(2,107)**	(2,176)
Share based payments	**(132)**	88
Non-deductible expenses	**415**	101
Under/(over) provision in prior year#	**(6,166)**	84
Research and development allowance	**(110)**	(150)
Other	**(48)**	(385)
Income tax expense	**924**	8,985

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

(c) Income tax recognised directly in equity

	2011 $'000	2010 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity	**298**	566

Note 7. Dividends

Dividends paid during the year

		Dividend paid	Per share	2011 $'000
Year ended 30 June 2011				
Final dividend	Unfranked	30 September 2010	3.75 cents	**11,543**
Interim dividend	Unfranked	31 March 2011	3.75 cents	**11,543**
Total dividends				**23,086**

				2010 $'000
Year ended 30 June 2010				
Final dividend	Unfranked	16 October 2009	3.5 cents	10,773
Interim dividend	Unfranked	31 March 2010	3.5 cents	10,773
Total dividends				21,546

	2011 $'000	2010 $'000
Note 7. Dividends continued		
Paid in cash	**22,861**	21,354
Non-cash dividends paid on employee in-substance options	**225**	192
	23,086	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, 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

Note 8. Receivables

	2011 $'000	2010 $'000
Current		
Trade debtors	**86,234**	78,332
Less: Allowance for doubtful debts[(a)]	**(381)**	(601)
	85,853	77,731
Prepayments	**2,856**	3,795
Other debtors	**260**	505
	88,969	82,031

(a) Movements in the allowance for doubtful debts are as follows:

	2011 $'000	2010 $'000
At 1 July	**601**	1,165
Provision for impairment recognised during the year	**160**	-
Receivables written off during the year	**(380)**	(354)
Reversal of provision to profit and loss	**-**	(210)
At 30 June	**381**	601

The allowance for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. In determining the recoverability of the receivables, the Group considers any material changes in the credit quality of the receivable on an ongoing basis. Debts that are known to be uncollectible are written off. The allowance for doubtful debts and the receivables written off are included in 'general and administrative' expense in the income statement and a doubtful debts allowance is created to the extent the uncollected receivables are not covered by collateral and/or credit insurance.

As at 30 June 2011, the nominal value of trade receivables impaired is $595,000 (2010: $2,746,000). There is adequate provision against these receivables to the extent they are not covered by collateral and/or credit insurance.

Based on historic default rates, the Group believes that, apart from those trade receivables impaired, no further impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days, as receivables relate to customers that have a good payment record with the Group.

(b) As at 30 June 2011, trade receivables of $6,088,000 (2010: $7,727,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as shown following.

Ageing of receivables

	2011 $'000	2010 $'000
Past due by 0-30 days	**4,510**	3,944
Past due by 30-60 days	**640**	435
Past due by 60-90 days	**205**	1,643
Past due by 90 days +	**733**	1,705
	6,088	7,727

Note 9. Inventories

Current		
Raw materials and stores		
- at cost	**49,829**	51,563
- at net realisable value	**478**	-
Work in progress		
- at cost	**14,709**	14,792
- at net realisable value	**-**	1,836
Finished goods		
- at cost	**26,517**	22,358
	91,533	90,549

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2011 amounted to nil (2010: nil). The net realisable value of inventory on hand was written down in prior years. Inventory losses of $600,000 were expensed during the year ended 30 June 2011 due to the impact of the Queensland floods.

Note 10. Property, plant and equipment

	2011 $'000	2010 $'000
Non-current		
Land and buildings		
At fair value	**59,094**	52,342
Less: Accumulated depreciation	**(2,731)**	(883)
Total land and buildings	**56,363**	51,459
Salt fields		
Total salt fields at fair value	**98,812**	98,936
Plant and equipment		
At cost	**183,230**	171,442
Under construction	**10,564**	9,189
Total cost	**193,794**	180,631
Less: Accumulated depreciation	**(115,586)**	(105,847)
Total plant and equipment	**78,208**	74,784
Total property, plant and equipment	**233,383**	225,179

Basis of valuation

The basis of valuation of land and buildings and salt fields is fair market value based on existing use. The valuations made by the Directors are based on the last independent valuation at 30 June 2009 carried out by qualified valuers in Australia. The cost value of land and buildings was $22.5 million and salt fields was $72.9 million, which are held at fair value.

Current year additions made to land and buildings and salt fields are at cost, which is deemed an appropriate measure of fair value.

Capitalisation of borrowing costs

During the year ended 30 June 2011 capitalised borrowing costs related to the construction of property, plant and equipment amounted to nil (2010: $243,000) and the development of software in intangible assets amounted to nil (2010:$261,000), with a capitalisation rate of nil (2010:7%).

Note 10. Property, plant and equipment continued

	Land and Buildings $'000	Plant and Equipment $'000	Salt Fields $'000	Total $'000
Year ended 30 June 2010				
At 1 July 2009				
Cost or fair value	56,320	169,968	98,765	325,053
Accumulated depreciation	(2,021)	(98,240)	-	(100,261)
Carrying amount at 1 July 2009	54,299	71,728	98,765	224,792
Additions	-	17,001	171	17,172
Disposals	(2,642)	(583)	-	(3,225)
Transfer to intangibles	-	(1,417)	-	(1,417)
Transfer to investments in associates	-	(868)	-	(868)
Foreign currency exchange differences	-	(60)	-	(60)
Transfers	651	(651)	-	-
Depreciation	(849)	(10,366)	-	(11,215)
Carrying amount at 30 June 2010	**51,459**	**74,784**	**98,936**	**225,179**
Year ended 30 June 2011				
At 1 July 2010				
Cost or fair value	52,342	180,631	98,936	331,909
Accumulated depreciation	(883)	(105,847)	-	(106,730)
Carrying amount at 1 July 2010	51,459	74,784	98,936	225,179
Additions	166	11,933	-	12,099
Acquisition of subsidiary	5,100	7,153	-	12,253
Disposals	(122)	(3,089)	(124)	(3,335)
Foreign currency exchange differences	(147)	(500)	-	(647)
Transfers	895	(895)	-	-
Depreciation	(988)	(11,178)	-	(12,166)
Carrying amount at 30 June 2011	**56,363**	**78,208**	**98,812**	**233,383**
At 30 June 2011				
Cost or fair value	59,094	193,794	98,812	351,700
Accumulated depreciation	(2,731)	(115,586)	-	(118,317)
Carrying amount at 30 June 2011	**56,363**	**78,208**	**98,812**	**233,383**

Note 11. Intangible assets

	Software $'000	Goodwill $'000	Total $'000
Year ended 30 June 2010			
Carrying amount at 1 July 2009	8,932	14,962	23,894
Additions	4,950	-	4,950
Transfer from property, plant and equipment	1,417	-	1,417
Amortisation charge	(1,036)	-	(1,036)
Disposals	(14)	-	(14)
Closing balance at 30 June 2010	**14,249**	**14,962**	**29,211**
At 30 June 2010			
Cost	18,583	15,915	34,498
Accumulated amortisation/(impairment losses)	(4,334)	(953)	(5,287)
Carrying amount at 30 June 2010	**14,249**	**14,962**	**29,211**

	Software $'000	Goodwill $'000	Total $'000
Year ended 30 June 2011			
Carrying amount at 1 July 2010	14,249	14,962	29,211
Additions	990	-	990
Acquisition of subsidiary	-	16,322	16,322
Amortisation charge	(2,088)	-	(2,088)
Disposals	(19)	-	(19)
Closing balance at 30 June 2011	**13,132**	**31,284**	**44,416**
At 30 June 2011			
Cost	18,939	32,237	51,791
Accumulated amortisation/(impairment losses)	(5,807)	(953)	(7,375)
Carrying amount at 30 June 2011	**13,132**	**31,284**	**44,416**

The amortisation charge is included in general and administrative costs and the prior year impairment loss is included in impairment and restructuring costs in the income statement.

Impairment testing for goodwill

Goodwill is allocated to the Group's cash-generating units (**CGUs**) identified according to business segment. A segment level summary is presented below:

	Salt $'000	AgriProducts $'000	Total $'000
2011	**5,017**	**26,267**	**31,284**
2010	5,017	9,945	14,962

The recoverable amount of a CGU is based on value-in-use calculations. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Cash flow forecasts are based on five year business plans presented to the Board, plus a terminal value.

(ii) Forecast growth rates are based on management's expectations of future performances. The growth rates applied to cash flows were 3% (2010: 3%). A growth rate of 3% is applied to the terminal value.

(iii) Discount rates used are the weighted average cost of capital for the Group, risk adjusted where applicable for each business segment and country. The post-tax discount rate applied to cash flows was 10.7% (2010: 11.6%).

These assumptions have been used for the analysis in each CGU of goodwill within the business segment of continuing operations.

	2011 $'000	2010 $'000
Note 12. Tax assets and liabilities		
Current		
Tax liability	**1,551**	7,329
Non-current		
Deferred tax liability	**7,835**	3,868
Movement in deferred tax liability:		
Balance at 1 July	**3,868**	2,309
Credited/(charged) to the income statement (note 6)	**3,262**	993
Credited/(charged) to comprehensive income	**298**	566
Acquisition of subsidiary credited to the income statement (note 6)	**407**	-
Balance at 30 June	**7,835**	3,868

Note 12. Tax assets and liabilities continued

The amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is $1,816,000 (2010: $2,142,000). These tax losses relate to the Group's Japanese operations. These tax losses are deductible from taxable income for seven years post loss incurred with the last of these tax losses to expire on 30 June 2016.

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000	**2011 $'000**	2010 $'000
Consolidated						
Intangibles	**284**	284	**-**	-	**284**	284
Doubtful debts	**161**	209	**-**	-	**161**	209
Property, plant and equipment	**-**	-	**(13,491)**	(10,173)	**(13,491)**	(10,173)
Employee entitlements	**4,149**	4,234	**-**	-	**4,149**	4,234
Retirement benefit obligations	**91**	27	**-**	-	**91**	27
Cash flow hedges	**-**	371	**-**	-	**-**	371
Provisions	**402**	630	**-**	-	**402**	630
Other	**569**	550	**-**	-	**569**	550
Tax assets/(liabilities)	**5,656**	6,305	**(13,491)**	(10,173)	**(7,835)**	(3,868)

Recognised deferred tax assets and liabilities

	Balance 1 July 2009 $'000	Recognised in Profit or Loss $'000	Recognised in Other Comprehensive Income $'000	Balance 30 June 2010 $'000	Recognised in Profit or Loss $'000	Recognised in Other Comprehensive Income $'000	Acquisition of Subsidiary $'000	Balance 30 June 2011 $'000
Consolidated								
Intangibles	284	-	-	284	-	-	-	**284**
Doubtful debts	418	(209)	-	209	(48)	-	-	**161**
Property, plant and equipment	(9,779)	(394)	-	(10,173)	(2,976)	-	(342)	**(13,491)**
Employee entitlements	4,515	(281)	-	4,234	(163)	-	78	**4,149**
Retirement benefit obligations	19	(33)	42	28	(11)	73	1	**91**
Cash flow hedges	978	-	(608)	370	1	(371)	-	**-**
Provisions	580	50	-	630	(228)	-	-	**402**
Other	676	(126)	-	550	163	-	(144)	**569**
Tax asset/(liability)	(2,309)	(993)	(566)	(3,868)	(3,262)	(298)	(407)	**(7,835)**

	2011 $'000	2010 $'000

Note 13. Payables

	2011 $'000	2010 $'000
Current		
Trade creditors and accruals	**92,695**	96,157

Note 14. Provisions

	2011 $'000	2010 $'000
Current		
Employee entitlements	**11,360**	10,558
Contingent consideration (note 5)	**2,907**	-
	14,267	10,558
Non-current		
Employee entitlements	**1,050**	907

Movement in provisions	**Contingent Consideration**
Balance at 30 June 2010	**-**
Acquisition of subsidiary	**2,860**
Unwind of discount post acquisition	**47**
Balance at 30 June 2011	**2,907**

Note 15. Share capital

	Parent Entity 2011 $'000	Parent Entity 2010 $'000
Fully paid up capital: 307,817,071 ordinary shares with no par value (2010: 307,817,071)	**237,531**	237,531

(a) Movements in ordinary share capital

Date	Details	Number of Shares	$'000
June 2010	Balance at 30 June 2010	307,817,071	237,531
June 2011	**Balance at 30 June 2011**	**307,817,071**	**237,531**

(b) Ordinary shares

Ordinary shares entitle the holder to receive dividends and the proceeds on winding up the interest in proportion to the number of shares held. On a show of hands, every shareholder present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Dividend Reinvestment Plan

The Company has established a Dividend Reinvestment Plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares. The Directors suspended the Dividend Reinvestment Plan on the 25 August 2009 until further notice in accordance with the Plan rules.

(d) Capital risk management

The Group manages capital to ensure it maintains optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the optimal cost of capital available to the Group.

The Group reviews and where appropriate adjusts the capital structure to take advantage of favourable costs of capital or high returns on assets. The Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital through the gearing ratio (net debt/total equity). The gearing ratios as at 30 June are as shown following.

Gearing ratios

	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%

Note 16. Reserves and retained profits

(a) Reserves

Revaluation reserve	**37,263**	37,263
Share based payments reserve	**(44)**	(250)
Cash flow hedge reserve	**-**	(865)
Foreign currency translation reserve	**(925)**	(211)
	36,294	35,937
Movements:		
Revaluation reserve		
Balance at 1 July	**37,263**	35,983
Transfer from retained earnings	**-**	1,280
Balance at 30 June	**37,263**	37,263
Share based payments reserve		
Balance at 1 July	**(250)**	(386)
Options and performance rights expense	**928**	658
Share based payment transactions	**(1,326)**	(522)
Retained earnings transfer	**604**	-
Balance at 30 June	**(44)**	(250)
Cash flow hedge reserve		
Balance at 1 July	**(865)**	(2,283)
Changes in fair value of cash flow hedges	**1,236**	2,026
Deferred tax	**(371)**	(608)
Balance at 30 June	**-**	(865)
Foreign currency translation reserve		
Balance at 1 July	**(211)**	(154)
Currency translation differences arising during the year	**(714)**	(57)
Balance at 30 June	**(925)**	(211)

(b) Retained profits

Balance at 1 July	**11,689**	5,520
Actuarial (losses) 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 revaluation reserve	**-**	(1,280)
Share based payments reserve transfer	**(604)**	-
Balance at 30 June	**17,145**	11,689

Note 16. Reserves and retained profits continued

(c) Nature and purpose of reserves

(i) Revaluation reserve

The revaluation reserve is used to record increments and decrements on the revaluation of certain non-current assets.

(ii) Share based payments reserve

The share based payments reserve is used to recognise the fair value of performance rights and shares under the employee share scheme which have been issued but not exercised.

(iii) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains and losses on hedging instruments that are recognised directly in equity. Amounts are recognised in the income statement when the associated hedge transaction affects the income statement.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the income statement when the net investment is disposed of.

Note 17. Financial risk management

Derivative financial instruments

	2011 $'000	2010 $'000
Current		
Interest rate swaps – cash flow hedge liability at fair value	**-**	1,236
Foreign exchange contracts	**8**	9
	8	1,245

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency, fair value interest rate and price), credit, liquidity and cash flow interest rate risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the Board of Directors. Management evaluates and hedges financial risks where appropriate. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the relevant entity's functional currency. The Group is exposed to foreign exchange risk through its operations in Indonesia and Japan and the purchase and sale of goods in foreign currencies.

Forward contracts are used to manage foreign exchange risk. Management is responsible for managing exposures in each foreign currency by using external forward currency contracts. Where possible, borrowings are made in the currencies in which the assets are held in order to reduce foreign currency translation risk.

The Group predominantly does not qualify for hedge accounting on the forward foreign currency contracts.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

Forward exchange contracts

Forward foreign exchange contracts have been entered into in order to fix the cost of purchases and sales denominated in foreign currencies. The Group classifies forward foreign exchange contracts as financial assets and liabilities and measures them at fair value.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2011			2010	
	USD $'000	**JPY $'000**	**CHF $'000**	USD $'000	JPY $'000
Forward exchange contracts					
Buy foreign currency	**774**	**-**	**26**	1,292	-
Sell foreign currency	**-**	**138**	**-**	10	773

At 30 June 2011, a liability of $7,687 (2010: liability $8,868) has been recognised by the Group for the fair value of forward foreign exchange contracts. The terms of the contracts are for less than one year.

Foreign currency sensitivity

The sensitivity of the Group's financial assets and financial liabilities to foreign currency risk exposures in existence at the balance sheet date is insignificant.

(i) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to ensure the interest cover ratio does not fall below the ratio limit set by the Group's financial risk management policy.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates.

Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The settlement dates coincide with the date on which interest is payable on the underlying debt. The contracts are settled on a net basis.

At balance date, bank borrowings of the Group incur an average variable interest rate of 6.80% (2010: 6.72%). All swaps matured during the year, whereas in the prior year swaps in place covered approximately 67% of the loan principal outstanding and were timed to expire when the interest is payable on the outstanding debt. The average fixed interest rate on the swaps, including margins, was 7.23% (2010: 7.23%). The fair value of interest rate swaps stated as a net liability at 30 June 2011 for the Group was nil (2010: $1,236,000).

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

Note 17. Financial risk management continued

	2011		2010	
	Interest Rate	Balance in $'000	Interest Rate	Balance in $'000
Assets				
Cash	-	13,247	-	7,006
Liabilities				
Bank loans	6.80%	114,000	6.27%	75,000
Interest rate swaps (principal notional amounts)	-	-	7.23%	(50,000)
Net exposure to variable rates		114,000		25,000
Overdraft and other loans	3.75%	1,963	4.25%	4,323

(a) Interest rate sensitivity

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Group's reported profit or loss by $798,000 (2010: $175,000) and the Group's equity by $798,000 (2010: $756,000).

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group has no significant concentrations of credit risk that are not covered by collateral and/or credit insurance. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group holds collateral and/ or credit insurance over certain trade receivables.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

The maximum exposure to credit risk at the reporting date was:

	2011 $'000	2010 $'000
Trade receivables	86,234	78,332
Other receivables	260	505
Cash and cash equivalents	13,247	7,006
	99,741	85,843

Further credit risk disclosures on trade receivables are disclosed in note 8.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The ultimate responsibility for liquidity risk management rests with the Board which has established an appropriate risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group's Corporate Treasury function manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Details of finance facilities are set out in note 28.

The following tables disclose the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Contractual maturities

2011	Carrying Amount $'000	Less than One Year $'000	One to Two Years $'000	Two to Three Years $'000	Three to Four Years $'000	Total Contractual Cash Flows $'000
Non-derivative financial liabilities						
Trade and other payables	**92,695**	**92,695**	**-**	**-**	**-**	**92,695**
Bank loans	**115,386**	**9,838**	**66,828**	**7,828**	**58,368**	**142,862**
	208,081	**102,533**	**66,828**	**7,828**	**58,368**	**235,557**
Derivative financial liabilities						
Forward exchange contracts	**8**	**946**	**-**	**-**	**-**	**946**
	208,089	**103,479**	**66,828**	**7,828**	**58,368**	**236,503**
2010						
Non-derivative financial liabilities						
Trade and other payables	96,166	96,166	-	-	-	96,166
Secured bank loans	78,988	1,989	82,528	-	-	84,517
	175,154	98,155	82,528	-	-	180,683
Derivative financial liabilities						
Interest rate swaps	1,236	1,236	-	-	-	1,236
Forward exchange contracts	9	2,034	-	-	-	2,034
	176,399	101,425	82,528	-	-	183,953

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(d) Fair values

Fair values versus carrying amounts

The carrying amount of financial assets and liabilities approximates their fair value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been identified as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Financial liabilities measured at fair value				
Forward exchange contracts	**-**	**8**	**-**	**8**
2010				
Financial liabilities measured at fair value				
Interest rate swaps	-	1,236	-	1,236
Forward exchange contracts	-	9	-	9
	-	1,245	-	1,245

During the years ending 30 June 2011 and 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

	2011 $'000	2010 $'000
Note 18. Commitments for expenditure		
Capital expenditure contracted for plant and equipment not later than one year	**2,703**	2,075
Commitments for non-cancellable operating leases:		
Due within one year	**5,834**	6,738
Due within one to two years	**4,125**	4,632
Due within two to five years	**5,496**	6,021
Due after five years	**6,925**	7,679
	22,380	25,070

The Group has leases for land, buildings and equipment under operating leases.

Note 19. Contingent liabilities

Guarantees

The Group is, in the normal course of business, required to provide guarantees and letters of credit on behalf of controlled entities, associates and related parties in respect of their contractual performance obligations. These guarantees and letters of credit only give rise to a liability where the entity concerned fails to perform its contractual obligations.

	2011 $'000	2010 $'000
Bank guarantees	**1,108**	1,048

A controlled entity guarantees 50% of an associate's bank debt to a maximum of $590,000 (2010: $372,000).

Litigation

At the time of preparing this Financial Report, some companies included in the Group are parties to pending legal proceedings, the outcome of which is not known. The entities are defending, or prosecuting, these proceedings as they are entitled to. The Directors have assessed the impact on the Group from the individual actions to be immaterial. No material losses are anticipated in respect of any of the above contingent liabilities.

There were no other material contingent liabilities in existence at balance date.

	2011 $	2010 $
Note 20. Remuneration of auditors		
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
(a) Auditors of the Company – Australia		
Audit and review of financial reports	**459,330**	414,739
Other services		
Transaction advisory services	**135,880**	20,000
Taxation services	**110,322**	12,710
Other services	**2,000**	2,000
	248,202	34,710
Total remuneration for auditors of the Company	**707,532**	449,449
(b) Other auditors – non-Australian audit firms		
Audit and review of financial reports	**4,196**	4,706
Total remuneration of auditors	**711,728**	454,155

Note 21. Related party disclosures

Investments

Information relating to investments accounted for using the equity method is set out in note 33. Information relating to the Group's interest in a joint venture operation is set out in note 34.

Transactions with associated entities are on normal commercial terms and conditions in the ordinary course of business, unless terms and conditions are covered by shareholder agreements.

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 24.

Transactions with related parties

	2011 $'000	2010 $'000
Transactions with related parties were as follows:		
Dividend revenue		
- associates	**2,734**	3,059
- jointly controlled entities	**2,210**	2,362
Management fees		
- jointly controlled operations	**24**	130
Directors Fees		
- jointly controlled entities	**81**	84
Sales of products		
- associates	**10,162**	10,081
- jointly controlled entities	**2,373**	4,863
Purchases of products		
- jointly controlled entities	**3,645**	2,354
Outstanding balances with related parties were as follows:		
Current receivables		
- associates	**749**	874
Current receivables		
- jointly controlled entities	**5**	1

Outstanding balances are unsecured and repayable in cash.

Note 22. Key management personnel disclosures

Key management personnel compensation

	2011 $	2010 $
Short term employee benefits	**3,444,766**	3,967,082
Post-employment benefits	**261,905**	298,301
Termination benefits	**235,380**	221,616
Share based payments	**381,716**	244,625
Other	**-**	24,037
	4,323,767	4,755,661

Share holdings

The numbers of shares in the parent entity held during the financial year by each Director of Ridley Corporation Limited and each of the key management personnel of the Group who hold shares, including their personally-related entities, are set out following.

Note 22. Key management personnel disclosures continued

Number of shares held in Ridley Corporation Limited at 30 June 2011

	Balance at the Start of the Year[1]	Acquired[4]/(Disposed) During the Year[3]	Balance at the End of the Year
JS Keniry	765,319	(765,319)[2]	-
RJ Lee	269,366	-	269,366
PM Mann	56,625	20,000	76,625
J Murray	222,024	337,000[4]	559,024
JM Spark	276,000	40,000	316,000
AL Vizard	46,658	2,000	48,658
RJ van Barneveld	-	-	-
GH Weiss	-	-	-
Total Directors	**1,635,992**	**(366,319)**	**1,269,673**
AM Boyd	20,000	1,508	21,508
S Butler	1,628	1,508	3,136
CW Klem	47,866	1,508	49,374
RN Lyons	19,892	76,508	96,400
AM Mooney	6,377	75,000	81,377
AL Speed	1,628	76,508	78,136
PJ Weaver	6,377	76,508	82,885
Total executives	**103,768**	**309,048**	**412,816**
Total key management personnel	**1,739,760**	**(57,271)**	**1,682,489**

1. Or commencement of employment if not employed throughout the financial year.
2. At the date of resignation from the company.
3. There were no sales of Ridley securities by key management personnel during the financial year.
4. J Murray and all executives acquired shares through the exercise of performance rights and/or employee share schemes.

Number of shares held in Ridley Corporation Limited at 30 June 2010

	Balance at the Start of the Year[1]	Acquired[4]/(Disposed) During the Year[3]	Balance at the End of the Year
JS Keniry	763,759	1,560	765,319
RJ Lee	169,366	100,000	269,366
PM Mann	42,825	13,800	56,625
J Murray	113,252	108,772	222,024
JM Spark	132,000	144,000	276,000
AL Vizard	38,658	8,000	46,658
RJ van Barneveld	-	-	-
GH Weiss	-	-	-
Total Directors	**1,259,860**	**376,132**	**1,635,992**
AM Boyd	20,000	-	20,000
S Butler	-	1,628	1,628
WH Fell[2]	-	-	-
CW Klem	46,238	1,628	47,866
RN Lyons	18,264	1,628	19,892
AM Mooney	4,749	1,628	6,377
AL Speed	-	1,628	1,628
GP Watts[2]	92,785	(92,785)	-
PJ Weaver	4,749	1,628	6,377
Total executives	**186,785**	**(83,017)**	**103,768**
Total key management personnel	**1,446,645**	**293,115**	**1,739,760**

1. Or commencement of employment if not employed throughout the financial year.
2. At the date of resignation from the company.
3. There were no sales of Ridley securities by key management personnel during the financial year.
4. J Murray and all executives acquired shares through exercise of performance rights and/or employee share schemes.

Performance Rights granted and vested during the financial year ended 30 June 2011

Recipients of Performance Rights	Balance at 1 July 2010	Granted[1]	Exercised/ Vested	Lapsed/ Forfeited	Balance at 30 June 2011	Date Exercised	Value per Share at Date of Exercise
Directors							
J Murray	550,000	643,000	(550,000)	-	643,000	31 October 2010[2]	$1.28
Key management personnel							
AM Boyd	225,000	200,000	-	-	425,000	-	-
PJ Weaver	225,000	200,000	(75,000)	-	350,000	31 October 2010	$1.28
AL Speed	225,000	200,000	(75,000)	-	350,000	31 October 2010	$1.28
CW Klem	-	100,000	-	-	100,000	-	-
AM Mooney	225,000	100,000	(75,000)	-	250,000	31 October 2010	$1.28
RN Lyons	225,000	100,000	(75,000)	-	250,000	31 October 2010	$1.28
S Butler	-	100,000	-	-	100,000	-	-
Total issued to Directors and key management personnel	**1,675,000**	**1,643,000**	**(850,000)**	**-**	**2,368,000**	**-**	**-**

1. Performance rights granted on 5 December 2010.

2. Performance rights exercised on 31 October 2010: 337,000 and May 2011: 213,000.

Note 23. Share based payments

Share based payment arrangements

Ridley Corporation Long Term Incentive Plan

The purpose of the Ridley Corporation Long Term Incentive Plan is to provide long term rewards that are linked to shareholder returns. This plan was introduced in October 2006 and replaced the Ridley Corporation Incentive Option Plan. Under the Ridley Corporation Long Term Incentive Plan, selected executives and the Managing Director may be offered a number of performance rights (**Right**). Each Right provides the entitlement to acquire one Ridley share at nil cost subject to the satisfaction of performance hurdles.

Ridley Employee Share Scheme

At the 1999 Annual General Meeting, shareholders approved the introduction of the Ridley Employee Share Scheme. Under the scheme, shares are offered to all permanent Australian employees with a minimum of 12 months' service, at a discount of up to 50%, financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000 annually in accordance with relevant Australian taxation legislation. Dividends on the shares are allocated against the loan. The amount of the discount and number of shares allocated is at the discretion of the Directors. The purpose of the scheme is to align employee and shareholder interests.

(i) Ridley Corporation Long Term Incentive Plan

The model inputs for the performance rights granted during the reporting period included:

Grant date	5 December 2010
Expiry date	5 December 2013
Share price at grant date	$1.28
Fair value at grant date	$0.61
Expected price volatility of the Company's shares	27%
Expected dividend yield	5.8%
Risk free interest rate	5.0%

Note 23. Share based payments continued

The expected price volatility is based on the historic volatility (based on the remaining life of the performance rights), adjusted for any expected changes to future volatility due to publicly available information.

Details of performance rights outstanding under the plan at balance date are as follows:

30 June 2011

Grant Date	Expiry Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Vested During the Year	Balance at End of the Year
31 October 2007	31 October 2010	712,000	-	-	(712,000)	-
07 April 2008	07 April 2011	45,000	-	-	(45,000)[1]	-
05 May 2008	05 May 2011	168,000	-	-	(168,000)[1]	-
05 December 2008	05 December 2011	375,000	-	(36,892)	(38,108)	300,000
14 April 2009	14 April 2012	225,000	-	-	-	225,000
05 December 2009	05 December 2012	375,000	-	(47,499)	(27,501)	300,000
05 December 2010	05 December 2013	-	2,793,000	(200,000)	-	2,593,000
		1,900,000	**2,793,000**	**(284,391)**	**(990,609)**	**3,418,000**

1. Shares purchased and allocated to J Murray in July 2011.

30 June 2010

Grant Date	Expiry Date	Balance at Start of the Year	Granted During the Year	Cancelled During the Year	Exercised During the Year	Balance at End of the Year
31 October 2007	31 October 2010	787,000	-	-	(75,000)	712,000
7 April 2008	7 April 2011	45,000	-	-	-	45,000
5 May 2008	5 May 2011	168,000	-	-	-	168,000
5 December 2008	5 December 2011	450,000	-	(75,000)	-	375,000
14 April 2009	14 April 2012	225,000	-	-	-	225,000
5 December 2009	5 December 2012	-	375,000	-	-	375,000
		1,675,000	**375,000**	**(75,000)**	**(75,000)**	**1,900,000**

(ii) Ridley Employee Share Scheme

The grant date fair value of the options granted during the year through the Employee Share Scheme was measured based on the binomial model. The model inputs for the Employee Share Scheme shares granted during the year included:

Grant date	30 April 2011
Restricted life	3 years
Fair value at grant date	$0.752
Expected price volatility of the Company's shares	26%
Expected dividend yield	5.9%
Risk free interest rate	5.4%

Employee Share Scheme option movements

30 June 2011

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Number of Shares: Balance at Start of the Year	Granted During the Year	Exercised During the Year	Balance at End of the Year	Exercisable at End of the Year
29 January 2002	29 January 2005	$0.82	85,000	-	(13,000)	72,000	72,000
28 January 2003	28 January 2006	$0.74	170,100	-	(22,950)	147,150	147,150
13 Febrary 2004	13 February 2007	$0.63	228,240	-	(39,625)	188,615	188,615
5 April 2005	5 April 2008	$0.77	221,850	-	(39,150)	182,700	182,700
10 April 2006	10 April 2009	$0.66	269,848	-	(54,576)	215,272	215,272
13 April 2007	13 April 2010	$0.57	348,282	-	(70,360)	277,922	277,922
11 April 2008	11 April 2011	$0.56	467,973	-	(91,443)	376,530	376,530
3 April 2009	3 April 2012	$0.34	854,284	-	(103,460)	750,824	-
30 April 2010	30 April 2013	$0.61	612,128	-	(79,772)	532,356	-
30 April 2011	30 April 2014	$0.66	-	542,880	(4,524)	538,356	-
			3,257,705	542,880	(518,860)	3,281,725	1,460,189
Weighted average exercise price			$0.56	$0.66	$0.57	$0.57	$0.64

The options outstanding have a weighted average contractual life of three years (2010: three years).

30 June 2010

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Number of Shares: Balance at Start of the Year	Granted During the Year	Exercised During the Year	Balance at End of the Year	Exercisable at End of the Year
29 January 2002	29 January 2005	$0.82	99,000	-	(14,000)	85,000	85,000
28 January 2003	28 January 2006	$0.74	199,800	-	(29,700)	170,100	170,100
13 February 2004	13 February 2007	$0.63	259,940	-	(31,700)	228,240	228,240
5 April 2005	5 April 2008	$0.77	261,000	-	(39,150)	221,850	221,850
10 April 2006	10 April 2009	$0.66	313,812	-	(43,964)	269,848	269,848
13 April 2007	13 April 2010	$0.57	392,257	-	(43,975)	348,282	348,282
11 April 2008	11 April 2011	$0.56	525,349	-	(57,376)	467,973	-
3 April 2009	3 April 2012	$0.34	966,612	-	(112,328)	854,284	-
30 April 2010	30 April 2013	$0.61	-	615,384	(3,256)	612,128	-
			3,017,770	615,384	(375,449)	3,257,705	1,323,320
Weighted average exercise price			$0.55	$0.61	$0.56	$0.56	$0.67

	2011 $'000	2010 $'000
Share based payment expense		
Shares issued under Employee Share Scheme	**411**	377
Performance rights issued under Long Term Incentive Plan	**517**	281
Total share based payment expense	**928**	658

Note 24. Retirement benefit obligations

Superannuation funds

The Group sponsors the Ridley Superannuation Plan – Australia. The funds provide benefits either on a defined benefit or defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement. The members and the Group make contributions as specified in the rules of the respective plans.

Group contributions in terms of awards and agreements are legally enforceable and, in addition, contributions for all employees have to be made at minimum levels for the Group to comply with its obligations. Other contributions are in the main not legally enforceable, with the right to terminate, reduce or suspend these contributions upon giving written notice to the trustees.

Defined contribution plans

Benefits are based on an accumulation of defined contributions. The amount of contribution expense recognised in the income statement is $5,788,000 (2010: $5,753,000).

Defined benefit plan

The level of contributions to the defined benefit plan in the future will continue to be reviewed on the advice of the fund actuary from time to time and at the time of the triennial or annual valuations. The basis of contributions to the plan is determined as a percentage of members' salaries or as required by the actuarial valuation. The defined benefit obligation consists entirely of amounts that are wholly or partly funded.

The following notes (a) to (f) set out details in respect of the defined benefit section only:

(a) Balance sheet amounts relating to defined benefit retirement benefit obligations

The amounts recognised in the balance sheet are determined as follows:

	2011 $'000	2010 $'000
Present value of benefit obligation	**2,106**	2,979
Fair value of the benefit plan assets	**(1,834)**	(2,888)
Net retirement benefit obligation liability/(asset)	**272**	91

The Group has no legal obligation to settle these liabilities with immediate or additional one-off contributions.

(b) Categories of defined benefit plan assets

The major categories of plan assets are as follows:

	2011 %	2010 %
Cash	**11**	8
Equity instruments	**54**	59
Debt instruments	**14**	12
Property	**10**	10
Other	**11**	11

	2011 $'000	2010 $'000
(c) Reconciliations		
Reconciliation of the present value of the defined benefit obligations:		
Balance at the beginning of the year	**2,979**	3,865
Current service cost	**97**	98
Interest cost	**135**	178
Actuarial (gains)/losses	**77**	148
Benefits, expenses and insurance premiums paid	**(1,238)**	(1,373)
Contributions by plan participants	**56**	63
Balance at the end of the year	**2,106**	2,979
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	**2,888**	3,803
Expected return on plan assets	**195**	234
Actuarial gains/(losses)	**(166)**	8
Employer contributions	**99**	153
Contributions by plan participants	**56**	63
Benefits, expenses and insurance premiums paid	**(1,238)**	(1,373)
Balance at the end of the year	**1,834**	2,888
Expense recognised in income statement		
Current service cost	**97**	98
Interest cost	**135**	178
Expected return on plan assets	**(195)**	(234)
Total included in employee benefits expense/(benefit)	**37**	42
Actual return on plan assets	**29**	242
Actuarial (gains) and losses recognised in other comprehensive income		
Cumulative amount at 1 July	**1,481**	1,341
Recognised during the period	**243**	140
Cumulative amount at 30 June	**1,724**	1,481

(d) Principal actuarial assumptions

The principal actuarial assumptions used by the actuary (expressed as weighted averages) were as follows:

	2011 %	2010 %
Discount rate	**4.40**	4.70
Future salary increases	**4.00**	4.00
Expected return on plan assets	**6.75**	6.80

The expected rate of return on plan assets has been based on historical and future expectations of returns for each of the major categories of asset as well as the expected and actual allocation of plan assets to these major categories.

(e) Employer contributions

Employer contributions to the plan are based on recommendations by the plan's actuary. Full actuarial assessments are made at no more than three yearly intervals. The last full assessment was completed for the year ended 30 June 2009, and an updated valuation by the actuary has been included at 30 June 2011.

Note 24. Retirement benefit obligations continued

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuaries have adopted a method of funding benefits known as the aggregate funding method. This funding method seeks to have benefits funded by means of a total contribution which is expected to be a constant percentage of members' salaries over their working lifetimes.

Using the funding method described above and particular actuarial assumptions as to the plan's future experience, the actuaries recommended in the actuarial review as at 1 July 2008, updated to reflect 30 June 2011 valuations, the payment of employer contributions to the fund of 7.6% of salaries for employees who are members of the defined benefit section. These contribution rates have been adopted by the Group from 30 June 2011 and represent a decrease of 2.4% of salaries in the Group's contributions from that previously used. Total employer contributions expected to be paid by Group companies for the year ending 30 June 2012 are $60,000. Economic assumptions used by the actuary to make the funding recommendations were a long term investment earning rate and salary increases, together with an age-related promotional scale and an inflation rate.

(f) Historic summary

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Present value of defined benefit obligation	**2,106**	2,979	3,865	4,158	5,591
Fair value of plan assets	**(1,834)**	(2,888)	(3,803)	(5,063)	(5,663)
(Surplus)/deficit	**272**	91	62	(905)	(72)
Experience adjustments arising on plan liabilities	**35**	87	(285)	(1,108)	1,050
Experience adjustments arising on plan assets	**166**	(8)	1,426	416	(815)

Note 25. Segment information

Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The Group has identified its operating segments based on internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments identified by management is consistent with the manner in which products are sold. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer and his management team on at least a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

AgriProducts

Produces and markets stock and poultry feeds, aqua feeds, animal protein meals, vitamin and mineral supplements and rural merchandise.

Salt

Produces, refines and markets salt and has investments in equity accounted investments.

The basis of inter-segmental transfers is market pricing. Results are calculated on a before net borrowing costs and tax expense basis. Segment assets exclude deferred tax balances and cash, which have been included as unallocated assets.

Geographical segments

The Group predominantly operates in Australasia. The Group has equity accounted investments located in New Zealand (note 33) and an operation located in Indonesia.

2011 **Business Segments**	**Salt** **$'000**	**AgriProducts** **$'000**	**Unallocated** **$'000**	**Consolidated Total** **$'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

2010 Business Segments	Salt $'000	AgriProducts $'000	Unallocated $'000	Consolidated Total $'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 profit of associates	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

Note 26. Notes to statement of cash flows

	2011 $'000	2010 $'000
Reconciliation of net cash inflow from operating activities to profit after income tax		
Profit for the year	**29,316**	29,093
Adjustments for:		
Depreciation and amortisation	**14,254**	12,251
Profit on sale of joint venture operation	**439**	-
Net loss on sale of non-current assets	**30**	215
Dividends in excess of equity profits	**(2,112)**	(1,830)
Non-cash share based payments	**928**	658
Non-cash finance expenses	**619**	408
Doubtful debts	**(220)**	(564)
Foreign exchange gains	**(190)**	(104)
Other non-cash movements	**(1,257)**	(599)
Change in operating assets and liabilities, net of effects from purchase and sale of controlled entities and businesses		
Decrease/(increase) in receivables	**(2,258)**	10,242
Decrease/(increase) in inventories	**1,286**	(11,331)
Increase/(decrease) in trade creditors	**(5,785)**	(970)
Increase/(decrease) in provisions	**3,593**	(1,545)
Increase/(decrease) in income tax liability	**(7,138)**	1,943
Increase/(decrease) in deferred income tax liability	**3,967**	1,559
Net cash inflow from operating activities	**35,472**	39,426

Note 27. Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year ended 30 June 2011. During the year ended 30 June 2010, $868,000 of property, plant and equipment was contributed to the purchase of the 25% investment in Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust.

Note 28. Finance facilities

	2011 $'000	2010 $'000
Borrowings		
Current		
Bank loans	**1,932**	2,064
Non-current		
Bank loans [(a)(b)]	**113,454**	76,924

(a) Cash and bank overdrafts are netted where the bank accounts are with the same financial institution and where right of set off exists.

(b) These loans are subject to bank covenants based on financial ratios of the Group. As at 30 June 2011, the Group was in compliance with these covenants. The bank loans were secured up until 29 December 2010, whereas under the new facility the bank loans are unsecured.

Total loan facilities available to the Group

	2011		2010	
AUD	**Limits $'000**	**Utilised $'000**	Limits $'000	Utilised $'000
Australian dollars				
Loan	**169,000**	**114,000**	150,000	75,000
Cash	**-**	**(13,247)**	-	(7,006)
Overdraft facility	**10,000**	**-**	6,500	-
United States dollars	**4,352**	**1,932**	4,811	4,323
	183,352	**102,685**	161,311	72,317

Long term loan facilities

Finance facility

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 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 covenants under the facility are interest cover, debt cover, gearing and consolidated net worth.

United States dollar facility

The Group has a US$2,100,000 term loan facility for three years expiring in March 2013. At 30 June 2011 US$1,575,000 (2010: US$1,925,000) was utilised.

Short term credit facilities

Australian dollar overdraft facility

The Group has a $10,000,000 (2010: $6,500,000) net overdraft facility, which is due for annual renewal on 31 December 2011. At 30 June 2011 $9,555,000 was utilised by the parent company of the Group (2010: nil). It was unutilised on a consolidated basis due to offsetting within this consolidated Group overdraft facility.

United States dollar facility

The Group has a US$2,000,000 (2010: US$1,500,000) revolving credit facility which expires on 31 January 2012. At 30 June 2011 US$500,000 (2010: US$1,450,000) was utilised.

The Group has a US$500,000 revolving loan facility which expires on 31 January 2012. At 30 June 2011 US$nil (2010: US$300,000) was utilised.

Commodity stock acquisition facility

Ridley AgriProducts Pty Ltd had a $5,000,000 (2010: $5,000,000) commodity stock acquisition facility which expired on 21 December 2010. There was no facility in place at 30 June 2011 (2010: $6,100,000 utilised, unsecured balance).

Trade payable facility

The trade payable facility is an unsecured funding arrangement for the purposes of funding trade related payments associated with the importation of various raw materials. Trade bills of exchange are paid by the facility direct to the importer and the group pays the facility on 180 day terms. It has a facility limit of $19,000,000. The amount utilised at 30 June 2011 was $10,077,709 (2010: $18,502,987 utilised).

	2011 Cents	2010 Cents
Note 29. Earnings per share		
Basic earnings per share	**9.5**	9.5
Diluted earnings per share	**9.5**	9.5

	2011 Earnings per Share		2010 Earnings per Share	
	Basic $'000	**Diluted $'000**	Basic $'000	Diluted $'000
Earnings used in calculating earnings per share				
Profit after income tax	**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 29. Earnings per share continued

Options

There are 3,418,000 (2010: 1,900,000) performance rights outstanding which have been excluded from the determination of diluted earnings per share calculation. Details relating to the performance rights are set out in note 23.

Note 30. Investment in controlled entities

The ultimate parent entity within the Group is Ridley Corporation Limited.

Name of Entity	Country of Incorporation	Class of Shares	Ownership Interest 2011	Ownership Interest 2010
Ridley AgriProducts Pty Ltd and its controlled entities	Australia	Ordinary	**100%**	100%
AgriProducts Pty Limited*	Australia	Ordinary	**-**	100%
Camilleri Stockfeeds Pty Ltd	Australia	Ordinary	**100%**	-
Farmstock Pty Limited and its controlled entity	Australia	Ordinary	**100%**	100%
Farmstock Milling Pty Ltd	Australia	Ordinary	**100%**	100%
Noske Flour Mills Pty Ltd*	Australia	Ordinary	**-**	100%
Ridley Australia Pty Ltd*	Australia	Ordinary	**-**	100%
Ridley AgriProducts (Aust.) Pty Ltd*	Australia	Ordinary	**-**	100%
Ridley Liquids JV Pty Limited	Australia	Ordinary	**100%**	100%
Ridley AgriProducts (NZ) Pty Ltd*	New Zealand	Ordinary	**-**	100%
Barastoc Stockfeeds Pty Ltd and its controlled entities	Australia	Ordinary	**100%**	100%
Fosforlic Feed Supplements Pty Ltd*	Australia	Ordinary	**-**	100%
Rumevite Pty Ltd	Australia	Ordinary	**100%**	100%
Cheetham Salt Limited and its controlled entities	Australia	Ordinary	**100%**	100%
CSL (No.3) Pty Limited	Australia	Ordinary	**100%**	100%
Salt Australia Pty Ltd	Australia	Ordinary	**100%**	100%
Ocsalt Pty Ltd	Australia	Ordinary	**100%**	100%
Queensland Salt Pty Ltd	Australia	Ordinary	**100%**	100%
PT Cheetham Garam and its controlled entity	Indonesia	Ordinary	**100%**	100%
PT Cheetham International Trading	Indonesia	Ordinary	**100%**	100%
Sea Lake Salt Pty Ltd	Australia	Ordinary	**100%**	100%
Mastersalt Pty Ltd*	Australia	Ordinary	**-**	100%
Cheetham (Dry Creek) Pty Ltd	Australia	Ordinary	**100%**	100%
Diamond Salt Pty Limited	Australia	Ordinary	**100%**	100%
RCL Investments Pty Limited*	Australia	Ordinary	**-**	100%
RCL Retirement Pty Limited	Australia	Ordinary	**100%**	100%
Ridley Research & Development Corporation Pty Limited*	Australia	Ordinary	**-**	100%
RCL Nominees Pty Ltd*	Australia	Ordinary	**-**	100%
Ridley M I Pty Limited*	Australia	Ordinary	**-**	100%

* Non-trading company which was de-registered during the year.

Note 31. Parent entity

As at, and throughout, the financial year ending 30 June 2011 the parent company of the Group was Ridley Corporation Limited.

	2011 $'000	2010 $'000
Result of the parent entity		
Profit for the period	**10,185**	15,356
Comprehensive income for the year	**695**	1,320
Total comprehensive income for the year	**10,880**	16,676

	2011 $'000	2010 $'000
Financial position of the parent entity at year end		
Current assets	**51**	5,126
Total assets	**367,541**	347,701
Current liabilities	**11,812**	4,173
Total liabilities	**117,633**	85,187
Total equity of the parent entity comprising of:		
Share capital	**237,531**	237,531
Share based payment reserve	**(44)**	(249)
Cash flow hedge reserve	**-**	(865)
Retained earnings	**12,421**	26,097
Total equity	**249,908**	262,514
GST liabilities of other entities within the GST group	**198**	531
Tax liabilities of other entities within the tax consolidated group	**-**	12

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed, are disclosed in note 32.

Note 32. Deed of Cross Guarantee

Ridley Corporation Limited, Ridley AgriProducts Pty Ltd, Cheetham Salt Limited, Cheetham (Dry Creek) Pty Ltd and Camilleri Stockfeeds Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. Camilleri Stockfeeds Pty Ltd was added to the Deed of Cross Guarantee on 20 May 2011.

(a) Consolidated income statement and a summary of movements in retained profits

The above companies represent a Closed Group for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Ridley Corporation Limited, they also represent the Extended Closed Group. Set out below is a Consolidated Income Statement and a summary of movements in consolidated retained profits for the year ended 30 June 2011 of the Closed Group.

	2011 $'000	2010 $'000
Sales revenue from continuing operations	**709,762**	709,521
Cost of sales	**(636,011)**	(634,765)
Gross profit	**73,751**	74,756
Other income	**1,376**	3,265
Expenses from continuing operations:		
Selling and distribution	**(13,214)**	(12,109)
General and administrative	**(29,485)**	(24,884)
Finance costs	**(9,751)**	(8,141)
Acquisition costs	**(469)**	-
Profit from continuing operations before income tax expense	**22,208**	32,887
Income tax benefit /(expense)	**2,986**	(8,525)
Profit from continuing operations after income tax expense	**25,194**	24,362

Note 32. Deed of Cross Guarantee continued

	2011 $'000	2010 $'000
Summary of movements in retained profits		
Balance at 1 July	18,328	11,614
Actuarial gains/(losses) on defined superannuation benefit – net of tax	(170)	(98)
Profit for the year	25,194	24,362
Share based payment reserve transfer	(604)	-
Dividends paid	(23,086)	(21,546)
Transfer to asset revaluation reserve	-	(1,280)
Transfers from entities outside Deed of Cross Guarantee group	3,604	5,276
Balance at 30 June	23,266	18,328

(b) Balance sheet

	2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	12,659	5,475
Receivables	84,466	80,463
Inventories	89,896	88,362
Total current assets	187,021	174,300
Non-current assets		
Receivables	826	825
Property, plant and equipment	209,632	199,646
Intangible assets	44,097	29,192
Other non-current assets	68,691	68,691
Total non-current assets	323,246	298,354
Total assets	510,267	472,654
Current liabilities		
Payables	85,390	83,526
Provisions	11,317	10,559
Tax liabilities	1,194	6,258
Derivative financial instruments	-	1,236
Total current liabilities	97,901	101,579
Non-current liabilities		
Borrowings	113,457	74,665
Deferred tax liabilities	7,294	7,129
Provisions	1,050	907
Retirement benefit obligations	272	91
Total non-current liabilities	122,073	82,792
Total liabilities	219,974	184,371
Net assets	290,293	288,283
Equity		
Share capital	237,531	237,531
Reserves	29,496	32,424
Retained profits	23,266	18,328
Total equity	290,293	288,283

Note 33. Investments accounted for using the equity method

			Ownership Interest		Carrying Amount	
Name of Company	**Principal Activity**	**Country of Incorporation**	**2011 %**	2010 %	**2011 $'000**	2010 $'000
Jointly Controlled Entities						
Western Salt Refinery Pty Ltd	Salt production and distribution	Australia	**50**	50	**1,470**	1,481
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt production and distribution	New Zealand	**50**	50	**32,157**	30,182
Associates						
Salpak Pty Ltd	Salt marketing	Australia	**56**	56	**14,105**	14,195
Cerebos-Skellerup Limited	Salt marketing	New Zealand	**49**	49	**2,511**	2,306
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed production	Australia	**25**	25	**2,243**	2,160
Investments accounted for using the equity method					**52,486**	50,324

Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the respective parent entity. The balance date of Salpak Pty Ltd and Cerebos-Skellerup Limited is 31 December, and 30 June for Western Salt Refinery Pty Ltd, Dominion Salt Limited, Dominion Salt (N.I.) Limited, Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust. Financial reports prepared as at 30 June are used for equity accounting purposes.

The Group owns 56% of total shares of Salpak Pty Ltd however only a 49% interest in total voting shares.

	2011 $'000	2010 $'000
Carrying amount of investments accounted for using the equity method		
Carrying amount at 1 July	**50,324**	46,334
Share of associates acquired during the year	**50**	2,160
Share of operating profits after income tax	**7,056**	7,251
Dividends received/receivable	**(4,944)**	(5,421)
Carrying amount at 30 June	**52,486**	50,324
Share of operating profits before income tax, interest and depreciation	**11,148**	11,152
Share of depreciation and amortisation expense	**(835)**	(640)
Share of operating profits before income tax and interest	**10,313**	10,512
Share of net interest expense	**(212)**	(170)
Share of operating profits before income tax	**10,101**	10,342
Share of income tax expense	**(3,045)**	(3,091)
Share of operating profits after income tax	**7,056**	7,251
Less: Dividends payable/paid	**(4,944)**	(5,421)
	2,112	1,830
Share of contingent liabilities	**-**	15

Summarised financial information of equity accounted investees, not adjusted for the percentage ownership held by the Group:

	2011 $'000	2010 $'000
Current assets	**16,407**	16,953
Non-current assets	**26,394**	22,234
Total assets	**42,801**	39,187

Note 33. Investments accounted for using the equity method continued

	2011 $'000	2010 $'000
Current liabilities	**10,533**	14,689
Non-current liabilities	**759**	107
Total liabilities	**11,292**	14,796
Net assets	**31,509**	24,391
Revenue	**83,814**	68,330
Net profit after tax	**16,103**	13,950

There are no material reserves of the associated companies.

Note 34. Interest in joint venture operation

Joint venture operation

Ridley Liquids JV Pty Ltd had a 50% participating interest in Champion Liquid Feeds Joint Venture. This interest was disposed of on 31 August 2010. This joint venture produced and marketed stockfeed. The Group was entitled to 50% of the output of the joint venture.

Summarised financial information for joint venture operation, not adjusted for the percentage ownership held by the Group.

	2011 $'000	2010 $'000
Current assets	-	5,580
Non-current assets	-	5,742
Total assets	-	11,322
Current liabilities	-	2,142
Total liabilities	-	2,142
Net assets	-	9,180
Revenue	-	18,805
Expenses	-	(19,067)
Net loss	-	(262)

The Group's share of capital commitments is nil (2010: nil).

Note 35. 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.

Directors' Declaration

1. In the opinion of the Directors of Ridley Corporation Limited (the 'Company'):

   (a) The consolidated financial statements and notes set out on pages 51 to 98 and the Remuneration Report are in accordance with the Corporations Act 2001, including:

      (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (ii) giving a true and fair view of the Group's financial position as at 30 June 2011 and its performance for the financial year ended on that date.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe the members of the Extended Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee, between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

4. The financial statements also comply with International Financial Reporting Standards as disclosed in note 1.

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

JM Spark
Director

Melbourne
24 August 2011

Independent Auditor's Report

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

Report on the financial report

We have audited the accompanying financial report of Ridley Corporation Limited (the Company), which comprises the Consolidated Balance Sheet as at 30 June 2011, and Consolidated Income Statement and Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 35 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 year's end or from time to time during the financial year.

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 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group 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 policies 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 the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group'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 the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2011 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 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 49 of the Directors' Report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Ridley Corporation Limited for the year ended 30 June 2011 complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Paul J McDonald
Partner

Melbourne
24 August 2011

Shareholder Information

As at 24 August 2011

	Number of Holders	Number of Securities	% Held by 20 Largest Holders
Holdings of securities – ordinary shares			
Each fully paid	7,296	307,817,071	74.5

Number Held	Number of Ordinary Holders	Number of Ordinary Shares
Distribution of holdings – ordinary shares		
1 to 1,000*	1,250	512,706
1,001 to 5,000	2,693	8,022,004
5,001 to 10,000	1,451	11,036,458
10,001 to 100,000	1,804	42,355,858
100,001 and over	98	245,890,045

* There are 707 holders of less than a marketable parcel of shares.

20 Largest Fully Paid Shareholders	Number of Ordinary Holders	% of Fully Paid Ordinary Shares
McNeil Nominees Pty Limited	43,477,114	14.12
National Nominees Limited	36,367,416	11.81
GPG Nominees Pty Ltd	24,792,351	8.05
Citicorp Nominees Pty Limited	22,729,041	7.38
RBC Dexia Investor Services Australia Nominees Pty Limited	16,544,612	5.37
JP Morgan Nominees Australia Limited	16,143,724	5.24
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	16,076,928	5.22
Heytesbury Pty Ltd	15,251,181	4.95
HSBC Custody Nominees (Australia) Limited	11,043,736	3.59
UBS Wealth Management Australia Nominees Pty Ltd	8,250,595	2.68
Taverners N Pty Ltd	7,641,511	2.48
Sandhurst Trustees Ltd <Sisf A/C>	1,860,000	0.60
Credit Suisse Securities (Europe) Ltd <Collateral A/C>	1,810,000	0.59
The Trust Company (Australia) Limited <Eif A/C>	1,200,000	0.39
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,195,990	0.39
UBS Nominees Pty Ltd	1,105,407	0.36
Queensland Investment Corporation	1,087,024	0.35
AMP Life Limited	1,072,278	0.35
Mirrabooka Investments Limited	956,095	0.31
IWPE Nominees Pty Limited <Investec Aus Equity Fund A/C>	830,194	0.27
	229,435,197	74.50

Substantial Shareholders	% Holding
Guinness Peat Group plc and its subsidiaries	22.08
Lazard Asset Management	7.68
National Australia Bank Limited and its subsidiaries	6.42
Investors Mutual Limited	6.18
Maple Brown Abbott	5.45
Dimensional Fund Advisors Group	5.18

Directors' holdings

On 24 August 2011, the Directors of Ridley Corporation Limited had an interest in the following shares and performance rights of the Company.

	Fully Paid Ordinary Shares	Ridley Performance Rights
RJ Lee	269,366	-
J Murray	772,024	643,000
PM Mann	76,625	-
JM Spark	316,000	-
AL Vizard	46,658	-
RJ van Barneveld	-	-
GH Weiss	-	-

Voting rights

As at 24 August 2011, the number of holders of fully paid ordinary shares with full voting rights was 7,296. On a show of hands, every person who is a member or a representative of a member has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share held. A shareholder may appoint a maximum of two proxies to represent them at general meetings.

Corporate Directory

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