RIDLEY

Ridley Corporation Limited

Appendix 4D Half year report

ABN 33 006 708 765

Results for announcement to the market

Reporting period:	Half year ended 31 December 2011
Previous corresponding period:	Half year ended 31 December 2010
Release date:	22 February 2012

				$A'000
Revenue from continuing operations	up	1%	to	378,307
Profit from continuing operations after tax	down	25%	to	11,884
Net profit for the period attributable to members	down	25%	to	11,884

Dividends	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Interim dividend	3.75¢	3.75¢	100% (2010: Nil%)

Record date for determining entitlements to the interim dividend	9 March 2012

	31 December 2011	31 December 2010
Net tangible asset backing per ordinary share	0.80	0.85

Brief Explanation

See pages 2 to 9.

RIDLEY

22 February 2012

RIDLEY DELIVERS SOLID RESULT AND TAKES STEPS TO UNLOCK VALUE FOR SHAREHOLDERS

As highlighted at the 2011 Annual General Meeting, the Board has been focused on optimising the business and structure of Ridley Corporation Limited (**Ridley; ASX: RIC**) to maximise shareholder value.

The Board has concluded that Ridley's current ownership structure may not be optimal for its shareholders. In particular, the intrinsic value of Cheetham Salt – which has irreplaceable high quality assets, a substantial market position, strong cash earnings and exciting Asian growth opportunities, along with defensive product characteristics – is not adequately recognised.

As a result the Board has resolved to pursue transaction opportunities for Cheetham, including an outright sale, joint venture or demerger that unlocks the underlying asset value.

Barclays Capital has been appointed to work with the Board and management on this process.

RESULTS SUMMARY

	6 months to 31: December 2011 $ million	December 2010 $ million	Change $ million	%
Continuing operations:				
Revenue	378.3	373.6	4.7	+ 1.3%
Earnings before finance income and expense and tax expense (EBIT)	20.9	20.6	0.3	1.5%
Net Finance costs	(4.8)	(4.6)	0.2	+ 4.3%
Income tax expense	(4.2)	(0.1)	4.1	+4100%
Net profit after tax	11.9	15.9	(4.0)	(25.3%)
Dividend (cps)	3.75	3.75	-	-
Earnings per share (cents)	3.9	5.2	(1.3)	(25.0%)

Ridley today announced a consolidated after tax profit for the half year to 31 December 2011 of $11.9 million (2010: $15.9 million).

The Earnings Before Interest and Tax (**EBIT**) of $20.9 million is $0.3 million above the corresponding period last year, and includes a full six month contribution from Camilleri Stockfeeds Pty Ltd (**Camilleri**) not present in the prior period.

The Camilleri contribution has more than offset declines in the Ridley AgriProducts business to generate a result $2.1 million ahead of last year, whilst Cheetham Salt recorded a shortfall to the prior period of $1.3 million.

Although similar in absolute terms between periods, Net Finance costs for the half year of $4.8 million incorporate significantly lower rates of interest on a higher level of borrowing that increased by $32.2 million in March 2011 to acquire the Camilleri rendering business. Approximately $1.0 million of current period interest is attributable to the Camilleri acquisition debt.

The effective rate of income tax has returned to historical levels in the current half year to record a net profit after tax of $11.9 million.

Ridley AgriProducts

The Ridley AgriProducts business generated EBIT of $14.9 million (2010: $12.8 million), which includes the sale of its non-core CCD business and its Corowa mill but excludes the sale of the Wacol property announced on 23 December 2011 and which will be completed and recorded in the second half.

For the six months to 31 December 2011, the lingering effects from the previous financial year's widespread record rainfalls far exceeded expectations for both business units. Dairy and Supplements were the hardest hit in the agribusiness sector, which also have an impact on salt sales to the Feedstock sector. In the first quarter, record low winter water temperatures in southern Tasmania adversely affected salmon appetites and feed demand accordingly, whilst biomass levels for other fin fish and prawns were generally lower than in the prior year.

The ten month contribution to 31 December 2011 from the Camilleri acquisition has exceeded the earnings performance threshold required to crystallise payment of the contingent acquisition consideration of $3.0 million in March 2012.

At the time of release of our 2011 financial year results last August, a number of strategic priorities were outlined, one of which was designed to uplift overall operating performance in the feedstock business through the delivery of cost savings, mill efficiency improvements and restructure. Progress has already been achieved in this area, the benefits from which will commence in the second half year and be derived for many years to come.

The first decisive action taken during the half year was in respect of the CCD additives business, which had been incurring small losses, was operating with a largely redundant business model, and was considered to be a non-core sector for the business. A small profit on sale of $0.3 million was recorded in August 2011.

Following a review of the Victorian dairy market in general, a decision was taken early in the half year to service the northern Victorian dairy and pig markets from our Gunbower and Mooroopna mills and to exit the Corowa region in Northern Victoria / Southern New South Wales. It was further decided to consolidate Ridley's southern Victorian dairy presence into the Gippsland and Western Districts regions, where the trend of recent years to concentrate and amalgamate dairy businesses is expected to continue.

With the prospect of only marginal returns, a dwindling customer base and a significant capital injection within the foreseeable future, the Corowa mill was sold in November 2011 to a local supplier as announced at the Annual General Meeting. The overall profit and loss impact of the sale of the Corowa mill and its earnings generated prior to sale is slightly better than break even for the half year.

In mid-December 2011 Council planning approval was received for the new low cost ruminant mill to be built alongside our existing mill at Pakenham. The overseas manufacture of plant for this new mill has already commenced and the mill is expected to be commissioned in the second half of calendar 2012. Once this new mill becomes fully operational, the existing Dandenong mill volumes will be transferred across to Pakenham, the Dandenong mill taken off-line and the site sold for redevelopment.

This Gippsland consolidation strategy will be part funded by the sale of the Dandenong site, take advantage of the existing Pakenham infrastructure, and will consolidate eastern Victorian operations through what is essentially the gateway to the Gippsland region.

After incurring losses again in 2011, a detailed operational review concluded the need to restructure the two Supplements operations at Wacol in the south and Townsville in the north, and to consolidate operations in the more reliable northern market. At the November 2011 Annual General Meeting, we advised of the recent acquisition of the business of Townsville-based competitor LNT for a six figure sum and from where our service offering can be directed to the higher volume northern Queensland market.

Also at the Annual General Meeting we announced our intention to close the other Supplements site at Wacol near Brisbane, which was impaired down to land value in the 2009 year. On 23 December 2011, we announced the sale of the Wacol site for $5.5 million, which is expected to settle by the end of March 2012, generate a small profit on sale in the second half year, and liberate working capital in the vicinity of $10 million.

It is expected that the outcome of these consolidation actions will contribute to the creation of a more reliable and profitable Supplements business, with a commensurately lower cost base, and capable of generating sustainable earnings.

Following the announcement on 9 December 2011 of the purchase of the Monds & Affleck business, additional product volumes are being manufactured and distributed through the Ruralco network in the eastern states. Furthermore, with a committed level of pre-planning and inventory build, the business of processing and distributing stockfeed products throughout Tasmania under the Monds & Affleck brands was able to commence immediately upon execution of the legal agreements and is expected to contribute positively to the second half year result.

Cheetham Salt

The Cheetham Salt business generated EBIT before joint ventures of $6.5 million (2010: $7.8 million), down $1.3 million on last year. Joint venture after tax earnings of $3.5 million (2010: $3.5 million) as reflected in the profit and loss account were stable by comparison.

Increased salt production costs associated with harvest delays resulting from last year's rainfall dilution and a poor evaporation season have combined to erode margin in the current period. A slow start to the Swimming Pool summer season in the eastern states and a decline in brine earnings from the Soda Ash sector have contributed to the lower Cheetham Salt half year result. Positive impacts have been recorded from overhead reduction and stronger margins in Indonesia.

The extreme rainfall events which occurred last year significantly diluted brine in the condensing and crystalliser ponds, delaying harvests by up to several months and reducing harvest yields. The severity of conditions was such that scheduled harvests at Sea Lake and Bowen were cancelled. It also necessitated the transport of a bulk shipment of crude salt into Central Queensland in order to maintain continuity of supply into the Queensland market.

The estimated half year to half year impact on margin of additional salt cost as a result of the weather-driven harvest delay and reduced yields is $0.7 million.

The higher salt cost will continue during the second half year and beyond until this inventory has been sold and replaced on the bank with lower cost salt produced following a return to normal harvest cycles.

In the prior period there were weather-related stock write offs of $0.8 million recorded which have not been repeated in the current half year.

Supply chain costs were $1.0m higher than the previous period, as a result of increases in warehousing and land freight costs due to the unseasonably cool start to Swimming Pool summer season on the eastern seaboard and to fuel surcharges and reduced freight capacity arising from sharp peaks in seasonal demand from other sectors.

Manufacturing at the Bajool refinery continues to be interrupted by mechanical issues that are preventing the new refinery from reaching its full operational capacity.

A number of changes to manufacturing processes have been implemented over the past twelve months, with further mechanical improvement scheduled to occur during the course of calendar 2012.

The Bajool site is also experiencing labour cost pressures as a result of its proximity to the Central Queensland resource boom. Attraction and retention strategies for this region have been developed to mitigate the impact.

The Soda Ash sector volumes supplied to sole customer Penrice for the six months remain low, and close to the historically low volumes experienced last year. The cost of the salt harvested from the Dry Creek salt fields has increased compared to last year, as a result of weather related lower yields.

Whilst there has been an extra bulk shipment of salt for the Export market in the half year compared to the prior period, the Stockfeed and Hide sectors are at cyclical lows.

Food sector volumes remain flat and the Swimming Pool summer season has been delayed as a result of the slow start to summer in New South Wales and Queensland.

The upgraded refinery in Indonesia has enabled the business to benefit from a richer product mix with commensurately improved margins on similar volumes to last year.

The joint venture operations have recorded an after tax contribution of $3.5 million for the half year, the same as last year. One hundred per cent dividend distributions have been restored following the completion and commissioning of the Dominion Salt refinery expansion at Mount Maunganui, New Zealand, with timing differences accounting for cash flow to profit and loss variances.

Corporate costs

Corporate costs for the period of $4.0 million are $0.4 million higher than the prior year comparative following an increase in share based payment expense and consulting costs.

Finance costs

Consolidated net interest and financing costs for the period were $4.8 million, up $0.2 million on the prior period in absolute terms but inclusive of interest charges for the $32.2 million debt associated with the acquisition of Camilleri in the second half of last year.

Interest rate reductions in the lead up to 31 December 2011 will have a positive influence throughout the second half year.

Tax expense

The current period tax expense of $4.2 million and 26% effective tax rate reflects a return to historical levels following the once off tax adjustments which gave rise to a $0.1 million expense recorded in the comparative period.

BALANCE SHEET

Other than working capital movements which have been explained under the cash flow movements, the other balance sheet movement of note from 30 June 2011 to 31 December 2011 is the held for sale asset reclassification.

The accounting standard requirements in respect of the status of the sale process for each of the Wacol and Dandenong properties at 31 December 2011 mandate the reclassification of each site from property, plant and equipment to assets held for sale. The sale of the Wacol property will be booked at completion, which is expected to occur prior to 31 March 2012. The sale process for Dandenong has commenced and it is anticipated that the property will be sold prior to year end.

CASH FLOWS

Working capital at 31 December 2011 of $88.2 million is $16.4 million above the same period last year, of which Camilleri working capital is contributing $9.5 million. At 31 December 2010, the trade creditors figure included a 180 day trade payables facility of $12.7 million. Improved terms for the same type of facility were secured in the current period as part of the group banking facility, and the transition from the old facility to the new one straddled the period end.

Following the settlement of liabilities under the old banking facility, the balance of trade payables at 31 December 2011 was only $0.8 million, a prima facie reduction of creditors and increase in bank borrowing of $11.9 million, which flows through to the movement in working capital as a reduction in creditors. This imbalance between debt and creditors will reverse by 30 June 2012 when the new trade payables facility will be fully operational.

The level of capital expenditure at $6.6 million is comparable with the prior year and continues to be contained within the $6.8 million aggregate charge recorded for depreciation and amortisation, however the second half year cash outflow for capital expenditure will increase as construction commences on the new mill at Pakenham.

The net dividend cash outflow for the half year of $9.0 million reflects the 30 September 2011 payment of $11.4 million in respect of the 2011 final dividend of 3.75 cents per share, unfranked and paid wholly in cash, offset by repayment of employee equity loans and by dividends received from Cheetham Salt joint ventures of $2.4 million.

Net proceeds from the sale of the Ridley CCD additives business and Corowa mill, offset by the outlay to acquire the LNT Supplements business in Townsville and Monds & Affleck business and supply agreement, gave rise to a net outflow of $1.5 million before acquisition costs.

Net tax payments made in the half year of $5.3 million have facilitated the payment in March 2012 of a fully franked dividend, whilst timing differences in loan maturities account for the difference between the interest charge in the profit and loss and the net interest cash outflow.

A cash flow summary with a prior period comparison is provided in the following table which has not been subject to review or audit. The Directors believe that the presentation of this non-IFRS financial cash flow is useful for the users of this document as it reflects the significant cash flows of the business.

Cash flows for the six months in $m	**Half year ended**	
	31 Dec 2011	**31 Dec 2010**
Profit before income tax	16.0	15.9
Net interest expense	4.9	4.7
Depreciation and amortisation	6.8	7.2
EBITDA (including JV's)	**27.7**	**27.8**
Movement in working capital	(14.7)	(5.8)
Movement in other balance sheet items	(3.5)	(6.0)
Capital expenditure	(6.6)	(5.9)
Net cash dividends (inc. JV distributions received)	(9.0)	(10.5)
Proceeds from sale of CCD and Corowa mill (2010: Sale of liquid feeds business)	2.4	5.1
Net finance expense	(4.5)	(4.5)
Net tax payments	(5.3)	(3.1)
Acquisition of LNT and Monds & Affleck businesses	(3.9)	-
Share-based payments	(0.5)	(0.9)
Cash flow for the period	**(17.9)**	**(3.8)**
Opening net debt balance at 1 July	(102.1)	(72.0)
Closing net debt balance at 31 December	**(120.0)**	**(75.8)**

DIVIDEND

The Camilleri acquisition plus the generation of sufficient imputation credits from Ridley tax payments, offset by tax refunds received and receivable from prior year tax amendments, have combined to generate sufficient franking credits to facilitate the payment of franked Ridley dividends for the first time since the 50% franking adopted for the 2008 financial year.

In recognising the value delivered to most shareholders from the imputation credit, the Board has consequently resolved to pay on 30 March 2012 a fully franked interim dividend of 3.75 cents per share, which will deliver a tax effected value uplift to shareholders of 1.125 cents per share.

OTHER STRATEGIC PRIORITIES

We continue to investigate a number of consolidation opportunities in the agribusiness sector. Our ability to secure further acquisitions will continue to be governed by strict internal performance hurdles, target characteristics and strategic fit requirements.

Indonesia is a country where we have operated a business for over ten years which is locally managed and has strong relationships with Indonesian businesses and Government departments. Indonesia has significant population growth prospects in terms of both numbers and increasing per capita wealth, and provides a stable platform upon which to launch an expansion programme into Asia.

During the six months under review we have furthered our discussions with the Indonesian authorities on land tenure for the proposed new salt field at Flores, Indonesia. We have also conducted various engineering and earthworks studies and prepared preliminary cost estimates, budgets and forecasts for a salt field capable of producing up to 200,000 tonnes of crude salt per annum. The securing of land tenure is still being actively pursued at the present time.

REVIEW OF OPERATIONS

Managing Director, Mr John Murray, commented "In a difficult period where the impacts from the prior year have continued to be felt far more deeply and longer than we anticipated, it is pleasing to note that the earnings from last year's acquisition of Camilleri have contributed positively to generate an Earnings Before Interest and Tax (**EBIT**) result on par with that of the corresponding period last year. We had hoped for growth in both the stockfeed and salt businesses but have been hampered by the continuing abundance of pasture and conditions not conducive to either supplementary feeding or salt production."

Mr Murray continued "We expect further recovery in the Dairy, Supplements and Packaged Products sectors in the years ahead upon a return to more historical levels of natural fodder availability. We have restructured our Supplements business to focus on the northern Queensland market where the demand for supplementary feeding is concentrated and more reliable from one year to the next."

"We believe that the acquisition of LNT during the period and the use of a single Townsville site for production will give the business every opportunity to deliver sustainable earnings in the longer term. We shall be keeping a keen eye on its progress over the coming months as the operations are successfully integrated and the wind down of the southern Queensland site at Wacol site completed prior to completion of its sale by the end of March 2012."

On interest and tax, Mr Murray noted that "Our new banking facility, in tandem with the passing on of the recent RBA interest rate reductions, is delivering significant savings on not only our core debt but also our new debt of over $32.2 million to acquire the Camilleri business. The favourable tax adjustments as reported last year were once off in nature, and a return to more historical effective rates is evident within the financial reports, which is creating the unfavourable bottom line comparison to last year."

OUTLOOK

Commenting on the outlook, Mr Murray said: "Whilst the results of our agribusiness restructuring and acquisition initiatives will start delivering bottom line results in the second half year, the full benefits are expected to be derived in the subsequent financial years, particularly in the Supplements business where the main season is in the first half year. Second half year losses that may have otherwise been incurred have been prevented by the sale of the CCD business and Corowa mill. Commissioning of the new Pakenham mill next financial year will start a new era for Ridley in the Gippsland region of southern Victoria and we hope to receive the funds from the sale of the Dandenong mill this financial year to partially fund this activity."

"Consistent performance of the Bajool refinery to its boilerplate capacity will be a focus in the second half year to provide the reliability of supply needed to eliminate Queensland's dependence on supply from other states. The higher cost base salt included in current inventory levels in Cheetham Salt will take another twelve months or more to work their way through the system to be replaced by lower cost salt harvested from a more normal harvest cycle. In the following year, production from the Queensland salt fields in quantities sufficient to satisfy local demand will remove the need to ship salt from South Australia to Queensland and deliver cost savings to the business."

"We are continuing to aggressively pursue acquisition opportunities of the right type and at the right price and we are also pushing hard to secure the necessary approvals to redevelop the Lara and Moolap properties and to establish the new commercial salt field in Flores, Indonesia. We will keep the market appropriately informed of any important milestones reached which generate a significant uplift in shareholder value from our property development activities."

Mr Murray concluded "Concurrent with our focus on maximisation of shareholder value, we are pursuing transaction opportunities for Cheetham with the objective of unlocking the underlying value of its irreplaceable assets which we believe are not adequately recognised at the present time. We will continue to update shareholders and the market as material developments occur."

For further information please contact:

John Murray Chief Executive Officer Ridley Corporation Limited	Daniel Janes Managing Director Barclays Capital	Anthony Lazzoppina Director Barclays Capital
+61 (03) 8624 6519	+61 (02) 9334 6049	+61 (02) 9334 6114

RIDLEY CORPORATION LIMITED

Directors' Report for the Half Year Ended 31 December 2011

The Directors present their report on the consolidated entity consisting of Ridley Corporation Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2011.

Directors

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

J M Spark
R J Lee
J Murray
A L Vizard
P M Mann
R J van Barneveld
G H Weiss

Review of Operations

The review of operations is set out on pages 2 to 9.

Rounding of Amounts to Nearest Thousand Dollars

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on page 11.

Signed at Melbourne on 22 February 2012 in accordance with a resolution of the Directors.

J M Spark
CHAIRMAN

J Murray
MANAGING DIRECTOR

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

To: the directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

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

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

KPMG

KPMG

BW Szentirmay

Partner

Melbourne

22 February 2012

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

CONSOLIDATED CONDENSED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	December 2011 $'000	December 2010 $'000
Revenue from continuing operations	2	378,307	373,642
Cost of sales		(338,331)	(334,542)
Gross profit		39,976	39,100
Finance income		-	72
Other income	2	1,093	834
Expenses from continuing operations			
Selling and distribution		(7,012)	(6,901)
General and administrative		(16,611)	(16,017)
Finance costs	3	(4,824)	(4,664)
Business acquisition costs		(128)	-
Share of net profits of equity accounted investments	8	3,580	3,553
Profit from continuing operations before income tax		16,074	15,977
Income tax expense	4	(4,190)	(89)
Net profit after tax attributable to members of Ridley Corporation Limited		11,884	15,888

Earnings per share	**Cents**	**Cents**
Basic earnings per share	3.9	5.2
Diluted earnings per share	3.9	5.2

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

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 $'000	December 2010 $'000
Net profit after tax attributable to members of Ridley Corporation Limited	11,884	15,888
Other comprehensive income		
Changes in the fair value of cash flow hedges	-	649
Income tax	-	(195)
Exchange differences on translation of foreign operations	(410)	(531)
Other comprehensive income for the period, net of tax	(410)	(77)
Total comprehensive income for the period	11,474	15,811
Total comprehensive income for the period is attributable to:		
Ridley Corporation Limited	11,474	15,811

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

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	December 2011 $'000	June 2011 $'000
Current assets			
Cash and cash equivalents		12,915	13,247
Receivables		94,630	88,969
Inventories		90,941	91,533
Assets held for sale	10	5,362	-
Tax receivable		2,282	-
Total current assets		206,130	193,749
Non-current assets			
Investments accounted for using the equity method		53,636	52,486
Property, plant and equipment		227,727	233,383
Intangible assets		45,741	44,416
Total non-current assets		327,104	330,285
Total assets		533,234	524,034
Current liabilities			
Payables		83,089	92,695
Borrowings		1,378	1,932
Tax liabilities		2,751	1,551
Provisions		14,234	14,267
Derivative financial instruments		-	8
Total current liabilities		101,452	110,453
Non-current liabilities			
Borrowings		131,546	113,454
Deferred tax liabilities		7,783	7,835
Provisions		1,007	1,050
Retirement benefit obligations		272	272
Total non-current liabilities		140,608	122,611
Total liabilities		242,060	233,064
Net assets		291,174	290,970
Equity			
Share capital		237,531	237,531
Reserves		36,017	36,294
Retained profits		17,626	17,145
Total equity		291,174	290,970

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Share Capital	Revaluation Reserve	Share based payment reserve	Foreign currency translation reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	**237,531**	**37,263**	**(44)**	**(925)**	**17,145**	**290,970**
Profit for the period	-	-	-	-	11,884	**11,884**
Other comprehensive income						
Sale of property, plant and equipment	-	(140)	-	-	140	-
Exchange differences on translation of foreign operations	-	-	-	(410)	-	**(410)**
Total other comprehensive income for the year	-	**(140)**	-	**(410)**	-	**(410)**
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(11,543)	**(11,543)**
Share based payment transactions	-	-	273	-	-	**273**
Balance at 31 December 2011	**237,531**	**37,123**	**229**	**(1,335)**	**17,486**	**291,174**

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

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

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

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	December 2011 $'000	December 2010 $'000
Cash flows from operating activities		
Receipts from customers	413,875	397,540
Payments to suppliers and employees	(404,905)	(381,851)
Dividends received	2,432	917
Interest received	-	72
Other revenue received	529	395
Interest and other costs of finance paid	(4,520)	(4,640)
Income taxes paid	(5,255)	(3,091)
Net cash inflow from operating activities	2,156	9,342
Cash flows from investing activities		
Net proceeds from sales of joint venture operation	-	4,983
Payments for property, plant and equipment	(6,352)	(5,353)
Payments for intangible assets	(234)	(589)
Proceeds from sale of non-current assets	2,359	127
Acquisition of business operations	(3,871)	-
Net cash (outflow) from investing activities	(8,098)	(832)
Cash flows from financing activities		
Share based payment transactions	(502)	(918)
Proceeds from borrowings	18,092	7,586
Repayment of borrowings	(554)	-
Dividends paid	(11,426)	(11,426)
Net cash inflow/ (outflow) from financing activities	5,610	(4,758)
Net (decrease)/ increase in cash held	(332)	3,752
Cash at the beginning of the financial year	13,247	7,006
Cash at the end of the half year	12,915	10,758

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

Notes to the financial statements
For the half year ended 31 December 2011

Note 1 – Basis of preparation of interim financial report

These condensed consolidated interim financial statements as at and for the six months ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the year ended 30 June 2011 and any public announcements made by Ridley Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.* Certain comparative amounts have been reclassified to conform with the current half year's presentation.

These interim financial statements were approved by the Board of Directors on 22 February 2011.

Except as described below, the principal accounting policies adopted in the preparation of these interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2011.

Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements, estimates and assumptions made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated statements as at and for the year ended 30 June 2011.

Notes to the financial statements
For the half year ended 31 December 2011

	CONSOLIDATED	
	December 2011 $'000	December 2010 $'000
Note 2 – Revenue and other income		
Revenue from continuing operations:		
Sale of goods	378,307	373,642
Other income:		
Rent received	19	43
Profit on sale of joint venture operation	-	439
Profit on sale of property, plant and equipment	564	-
Other	510	352
	1,093	834
Note 3 – Expenses		
Profit from continuing operations before income tax is arrived at after charging the following items:		
Depreciation and amortisation	6,839	7,165
Finance costs:		
Interest expense	4,716	4,329
Amortisation of borrowing costs	108	335
	4,824	4,664

Note 4 – Income tax

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

Profit from continuing operations before income tax expense	16,074	15,977
Income tax using the Group's tax rate of 30%	4,822	4,793
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit of equity accounted investments	(1,074)	(1,069)
Share based payments	161	93
Non-deductible expenses	99	61
Under/(over) provision in prior year	66	(3,617)
Other	116	(172)
Income tax expense	4,190	89

The current period tax expense of $4.2 million and 26% effective tax rate reflects a return to historical levels following the once off tax adjustments which gave rise to a $0.1 million expense recorded in the comparative period.

Notes to the financial statements
For the half year ended 31 December 2011

Note 5 - Dividends

	December 2011 $'000	December 2010 $'000
Dividends paid during the half year		
Final dividend paid:		
30 September 2011 (2010: 30 September 2010)		
3.75 cents, unfranked (2010: 3.75 cents, unfranked) per share	11,543	11,543

Dividends not recognised at half year end

In addition to the above dividends, since half year end the directors have approved payment of an interim dividend of 3.75 cents, fully franked (2010: 3.75 cents, unfranked) per fully paid share payable on 31 March 2012 (2010: 31 March 2011).

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

No foreign conduit income is attributed to the dividend.

Note 6 – Contingencies

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

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

Note 7 – Segment reporting

Business Segments

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

The two reportable segments have been identified as follows:

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

Salt — Produces, refines and markets salt and has investments in associated companies.

The basis of inter-segmental transfers is market pricing.

Notes to the financial statements
For the half year ended 31 December 2011

Note 7 – Segment reporting (continued)

31 December 2011

	SALT	AGRIPRODUCTS	UNALLOCATED	TOTAL
	$'000	$'000	$'000	$'000
Sales - external	56,035	322,272	-	378,307
Sales - internal	1,849	-	(1,849)	-
Total sales revenue	**57,884**	**322,272**	**(1,849)**	**378,307**
Share of profit of equity accounted investments	3,535	45	-	3,580
Result from operations	**10,016**	**14,900**	**(4,018)**	**20,898**
Interest expense	-	-	(4,824)	(4,824)
Reportable segment profit before income tax	**10,016**	**14,900**	**(8,842)**	**16,074**
Segment assets	252,160	267,041	14,033	533,234
Segment liabilities	12,518	83,891	145,651	242,060

Notes to the financial statements
For the half year ended 31 December 2011

Note 7 – Segment reporting (continued)

31 December 2010

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

Notes to the financial statements
For the half year ended 31 December 2011

Note 8 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Profit	
			December		December	
			2011	2010	2011 $'000	2010 $'000
Jointly controlled entities:						
Western Salt Refinery Pty Ltd	Salt Production & Distribution	Australia	50%	50%	56	173
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production & Distribution	New Zealand	50%	50%	2,067	1,968
Associates:						
Salpak Pty Ltd	Salt Marketing	Australia	56%	56%	1,275	1,249
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	49%	49%	137	121
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed Production	Australia	25%	25%	45	42
Share of net profits from equity accounted investments					3,580	3,553

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

Note 9 – Events occurring after the balance sheet date

No other matters or circumstances have arisen since 31 December 2011 that have significantly affected, or may significantly affect:

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

Note 10 – Assets held for sale

The Group has classified $5.4 million of land and buildings as held for sale relating to the sale of the AgriProducts sites at Wacol and Dandenong. This is following management's commitment to sell these sites. The sale process for these sites commenced in the half year and is expected to be completed by June 2012.

Directors' Declaration

In the opinion of the Directors of Ridley Corporation Limited:

a. the financial statements and notes set out on pages 12 to 23 are in accordance with the Corporations Act 2001 including:

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

   ii. giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance, for the six month period ended on that date; and

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

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

J M SPARK
CHAIRMAN

J MURRAY
MANAGING DIRECTOR

Melbourne
22 February 2012

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

Report on the financial report

We have reviewed the accompanying interim financial report of Ridley Corporation Limited, which comprises the consolidated condensed balance sheet as at 31 December 2011, consolidated condensed income statement and consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the interim period ended on that date, notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ridley Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the interim period ended on that date; and

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

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

22 February 2012