



ANNUAL
REPORT
2012



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2012 features

- + \$19.3 million after tax result for the year
- + More than \$50 million of operating cash generated
- + 7.5c annual dividend fully franked
- + Construction of new mill at Pakenham
- + Restructuring activities to yield future benefits

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 nutritional solutions to animal producers, and is now also producing high quality rendered products through its recently acquired Camilleri Stockfeeds business. 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. Through its Dominion Salt joint venture, it is the largest producer and refiner of solar salt in New Zealand and is now an established refiner and distributor of salt products in Indonesia. Major brands include Mermaid, Kooka, Crown and Saxa (through its 49% owned associate Salpak).

FIVE YEAR SUMMARY

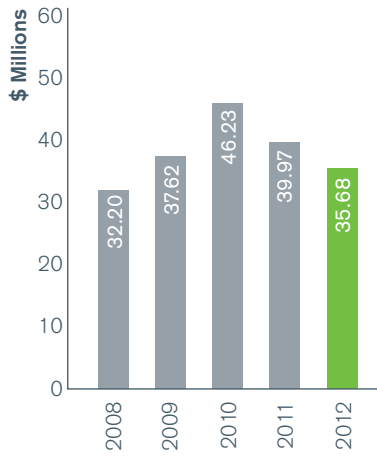
A'000 Unless Otherwise Stated	Actual 2012	Actual 2011	Actual 2010	Normalised 2009~	Actual 2009	Actual 2008
Operating results						
Revenue	734,695	723,702	727,968	819,436	819,436	1,546,649
Other income	1,674	1,241	1,102	1,379	1,379	1,995
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	50,086	54,218	58,486	55,509	48,709	44,038
Earnings before interest and tax (EBIT)*	35,682	39,965	46,234	44,424	37,624	32,198
Net interest expense/finance charge	9,327	9,725	8,156	8,000#	12,428	14,700
Operating profit before tax*	26,355	30,240	38,078	36,424	25,194	17,496
Tax expense	7,102	924	8,985	8,281	4,881	1,583
Net profit before significant items	19,253	29,316	29,093	28,142	20,313	15,913
Minority interest (MI)	-	-	-	-	-	2,270
Net profit before significant items after MI	19,253	29,316	29,093	28,142	20,313	13,643
Significant items – net of tax and MI	-	-	-	(7,404)	(7,404)	(10,357)
Net profit after tax and significant items	19,253	29,316	29,093	20,738	12,909	3,286
Loss on sale of Ridley Inc	-	-	-	(52,442)	(52,442)	7,219
Profit/loss attributable to members	19,253	29,316	29,093	(31,704)	(39,533)	10,505
Financial position						
Shareholders' funds	290,483	290,970	285,157	276,211	276,211	320,519
Minority interest	-	-	-	-	-	48,925
Total assets	516,715	524,034	484,300	468,621	468,621	803,502
Total liabilities	226,232	233,064	199,143	192,410	192,410	434,058
Net debt	98,151	102,139	71,981	69,414	69,414	199,246
Market capitalisation	313,973	378,615	353,990	236,402	236,402	344,767
Enterprise value	412,124	480,754	425,971	305,803	305,803	544,013
Operating cash flow	50,896	35,472	39,426	52,966	52,966	16,424
Closing share price (cents)	102.00	123.00	115.00	78.00	78.00	116.50
Weighted average number of shares on issue – non-diluted (thousands)	307,817	307,817	307,817	303,080	303,080	295,938
Number of employees (number)	961	948	974	931	931	2,063
Key profitability ratios						
Return on shareholders' funds (%) before significant items*	6.6%	10.2%	10.4%	9.4%	6.8%	4.2%
Earnings per share (EPS) (cents) before significant items and discontinued operation*	6.3	9.5	9.5	9.3	6.8	1.9
EPS growth (%)	-34.3%	1.1%	39.7%	389.5%	257.9%	-78.7%
EBIT growth (%)	-11%	-14%	23%	38%	17%	-41%
Operating cash flow/EBITDA (times)	1.02	0.65	0.67	0.95	1.09	0.37
Operating cash flow per share (cents)	0.17	0.12	0.13	0.18	0.18	0.06
Market capitalisation/operating cash flow (times)	6.2	10.7	9.0	4.4	4.4	21.0
EBIT per employee (A\$'000)	37.1	42.2	47.5	47.7	40.4	15.6
Capital market and structure ratios						
EBITx (market cap/EBIT)	8.8x	9.5x	7.7x	5.3x	6.3x	10.7x
EBITDA per share (cents)*	16.3	17.6	19.0	18.6	16.3	14.9
EBITDA growth (%)	-8%	-7%	20%	26%	34%	-43%
EBITDAx (market cap/EBITDA)	6.3x	7.0x	6.0x	4.2x	4.7x	7.8x
Enterprise value/EBITDA (multiple)*	8.2	8.9	7.3	5.5	6.3	12.4
P/E ratio (times)	16.3	12.9	12.2	8.4	18.3	61.3
Net debt/shareholders' equity (%)	33.8%	35.1%	25.2%	25.1%	25.1%	53.9%
Equity/total assets (%)	56.2%	55.5%	58.9%	58.9%	58.9%	39.9%
Net debt/EBITDA (times)*	1.96	1.9	1.2	1.3	1.4	4.5
EBIT/net interest (times)	3.83	4.1	5.7	5.6	3.0	2.2
Net tangible asset backing per share (cents)	79.8	80.1	83.1	83.3	83.3	91.0
Dividends per share (cents)	7.50	7.50	7.25	7.00	7.00	7.00
Dividend payout ratio (%)*	120%	79%	77%	75%	104%	195%
Percentage franked (%)	100%	Nil	Nil	Nil	Nil	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).

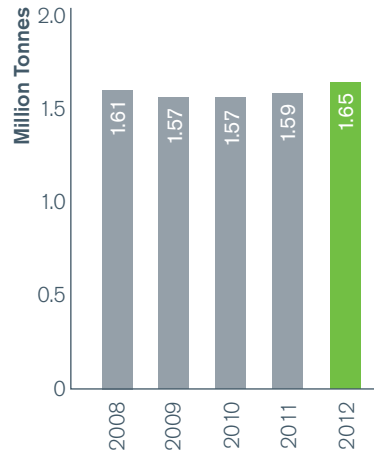
~ 2009 actual results normalised to reflect full year outcomes of 2009 debt retirement (\$4.4 million), AgriProducts cost saving initiatives (\$2.0 million), Cheetham crude salt write-offs (\$3.5 million) and ERP write-offs (\$1.3 million), minus the aggregate tax effect (\$3.4 million).

Consolidated operating EBIT*

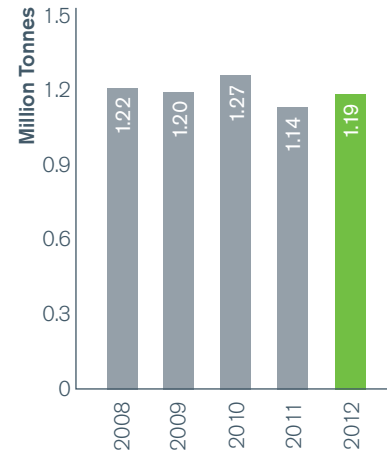


* Before significant items and includes JV NPATs.

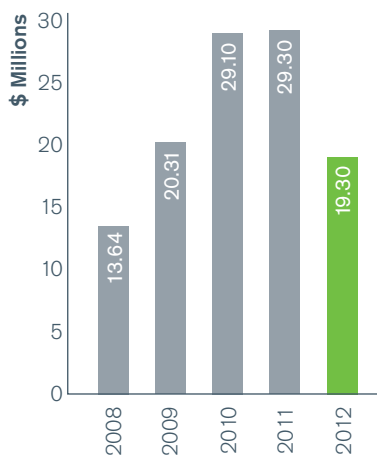
Ridley AgriProducts volume



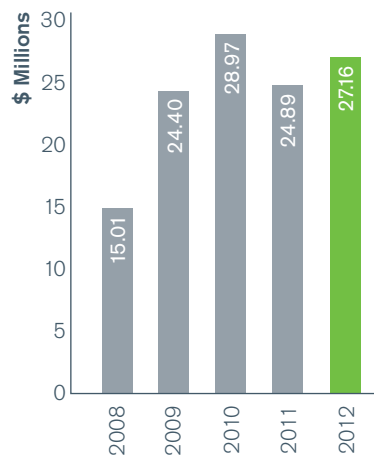
Cheetham Salt volume



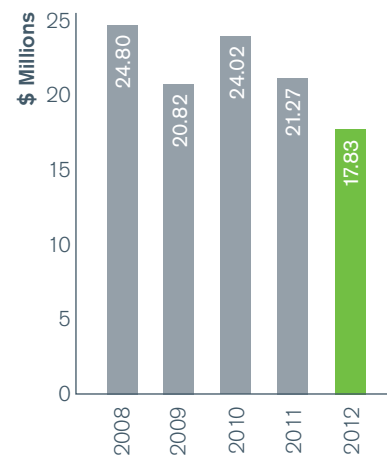
Consolidated net profit
(2009 from continuing operations)



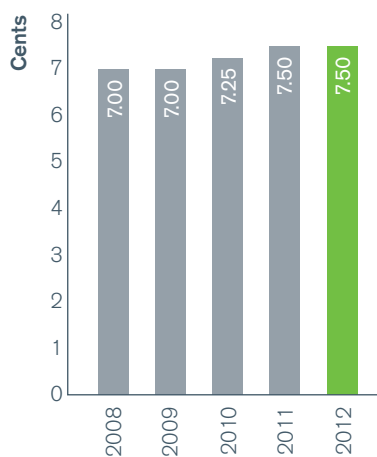
Ridley AgriProducts operating EBIT



Cheetham Salt operating EBIT
and equity accounted investments



Consolidated dividends per share





**THE RAINFALL
ENJOYED BY
FARMERS FOR THE
LAST TWO YEARS
HAS PROVIDED
ABUNDANT PASTURE**

CHAIRMAN'S ADDRESS

Against a backdrop of widespread grazing and significantly higher than usual salt costs from reductions and delays in salt harvesting, the stockfeed and salt businesses have again proven themselves to be robust and resilient.



John M Spark – Chair

Since November 2010, the eastern states of Australia have experienced an almost continuous period of well above average rainfall, peaking around the Christmas period in 2010 with widespread flooding in Queensland and northern Victoria.

Many of the sectors serviced by Ridley spent a considerable part of the 2012 financial year recovering from the pervasive effects of these floods.

The rainfall enjoyed by farmers for the last two years has provided abundant pasture and softened the market in many sectors for Ridley, particularly in the Dairy, Packaged Product and Supplements stockfeed nutrition sectors, with a corresponding impact on demand for salt provided by Cheetham Salt as a key stockfeed ingredient.

Financial

The operational result of \$35.5 million at the Earnings Before Interest and Tax (EBIT) level compares respectably to \$40.0 million in the prior year, with a full year of Camilleri Stockfeeds earnings helping to partly mitigate lower salt and stockfeed earnings. Tax has returned to its historical effective rate following the prior year's one-off tax adjustments and the finance expense for the year reflects a full year's borrowings to finance the Camilleri Stockfeeds acquisition on 1 March 2011 plus a number of interest rate reductions in the second half year. The above factors have all combined to generate a consolidated net profit after tax for the 2012 year of \$19.3 million.

People

The senior management team has been very active during the year, with a number of restructuring activities undertaken in Ridley AgriProducts and in respect of the preparation for potential sale of the Cheetham Salt business.

In the second half year, Ridley Managing Director and Chief Executive Officer John Murray also assumed the role of Ridley AgriProducts CEO to accelerate the bedding down of the Enterprise Resource Planning (ERP) system and to stimulate earnings recovery in sectors affected by the prior year's events.

Dividend

Directors were delighted in 2012 to be able to resume the franking of Ridley dividends, paying a fully franked interim dividend of 3.75 cents per share in March 2012 and declaring the same for a final dividend payable on 28 September 2012. The total dividend for the 2012 year will therefore be a fully franked amount of 7.50 cents, payable in cash from the operating cash flows of the business.

Whilst the 2012 dividend payout ratio exceeds Ridley's historical average of approximately 80%, the declaration of final dividend is reflective of the Ridley Board's continuing confidence in the underlying strength of the business.

The Board

The Ridley Board has been very active during the year, and following the announcement in February 2012 of Ridley's intent to pursue opportunities for a divestment of the Cheetham Salt business to unlock underlying value, a Divestment Committee was established and has been meeting regularly to oversee the progress.

During the year the Remuneration and Nomination Committee was also restructured to become the Remuneration Committee, with its former Nomination responsibilities passed back to the full Ridley Board.



2012 has been a challenging year for both the Board and management, and has required an increased workload for everyone. I thank my fellow Directors and Managing Director John Murray and his management team for their continuing efforts this year in seeking to maximise the value of Ridley for its shareholders.

Cheetham Salt divestment

With reliable earnings from both operating businesses, strong domestic operations and market shares, and significant growth opportunities overseas, particularly for the salt business in Indonesia, it was becoming increasingly apparent to the Ridley Board last year that the underlying value of the Ridley listed group was not being adequately reflected in its market price together with the long term need to reinvest in the agricultural arm of the business.

The Board consequently embarked upon an extensive exercise to identify and evaluate alternative strategies to unlock the inherent values of the two operating businesses. Following the conclusion of this process, and as announced on 22 February 2012, the Board resolved to pursue transaction opportunities for the divestment of the Cheetham Salt business.

Any transaction of this type takes appropriate preparation and involves a well established and sequential process. The remainder of the year involved preparing the business for a transaction through the conduct of a thorough vendor due diligence program and preparation of a comprehensive Information Memorandum.

Stage 1 of the transaction process commenced in early July with the release of the Information Memorandum to select parties under confidentiality. Those parties were invited to submit an indicative, non-binding offer within an appropriate transaction process timetable, with the intention of shortlisting a small number of acceptable parties to proceed to Stage 2 and detailed due diligence.

By the time this Annual Report is published, it is anticipated that the process will be well advanced towards an announceable outcome.

Outlook

The outlook for Ridley as a whole will in part depend upon the outcome of the Cheetham Salt divestment process. Irrespective of this outcome however, Ridley will continue to pursue growth avenues for its AgriProducts business and development opportunities for its surplus properties, the most prominent of which are the former Lara and Moolap salt fields near Geelong in Victoria. Ownership of each of these salt fields was transferred during the year from Cheetham Salt to Ridley, and these properties, together with the Bowen salt field, were duly excluded from the divestment transaction process.

We are excited about the prospect for our new mill at Pakenham which will be completed by the end of the calendar year and which will provide a springboard for our Dairy business throughout the Gippsland region in Victoria. The new mill will facilitate the closure and sale of the Dandenong mill and will also service the Tasmanian market accessed through the December 2011 Monds & Affleck acquisition. This mill is the first of a number we expect to roll-out over the next few years as we reinvest in the Ridley AgriProducts business.

In addition to its core business focus, Ridley will continue to seek to identify and secure 'bolt-on' or larger scale acquisition opportunities in accordance with its core competencies, strict disciplines and hurdle rates.

I have seen nothing over the past year to suggest that the overall outlook for agriculture is anything other than bright. Population projections continue to escalate the issue of long term food security, and the regional imbalances between population numbers and animal production capacity are fully expected to present long term growth opportunities for Ridley.

So whilst the 2012 financial year result was below our expectations, I remain confident of Ridley's future growth and ability to deliver value to shareholders.



John M Spark
Chair



**RIDLEY WILL
CONTINUE TO
PURSUE GROWTH
AVENUES FOR ITS
AGRIPRODUCTS
BUSINESS**

MANAGING DIRECTOR'S REVIEW

In a world that will be challenged to produce a safe and reliable food supply to feed its growing population, Ridley is working towards a strategy that links ingredients to feed and ultimately food supply to meet the growing demand for food security.



John Murray – Managing Director and Chief Executive Officer

On 24 August 2011, we announced the strategic priorities for the next phase of Ridley's growth path to deliver shareholder value.

The strategic priorities for Ridley are fourfold:

- Agribusiness consolidation
- Asian expansion
- Feedstock operational improvement
- Property realisation

1. Agribusiness consolidation

Both salt and animal feed products are vital ingredients in a wide range of food products for daily human and livestock consumption, and we can play an important role in the consolidation that is occurring within Australian agribusiness. In the prior year we acquired rendering business Camilleri Stockfeeds (Camilleri), and we continue to look for other synergistic businesses, with a particular interest in operations that provide Ridley with security over its supply chain.

Camilleri's niche poultry and fish rendering business has proven to be a sound investment and valuable addition to the Ridley AgriProducts (RAP) portfolio, and its full year earnings have been a significant contributor in RAP achieving its second highest earnings result on record.

2. Asian expansion

Concurrent with the development over the last three years of a strong, sustainable domestic business, we have been actively exploring further expansion in Asia.

The Cheetham Salt operation in Indonesia has demonstrated that with the right management in place, strong relationships, consistently high quality and value-adding products, and a focus on customer service, it is possible to establish a presence in Asia and a platform for future expansion.

During the year, several overseas visits have been made by Ridley management to Asian countries to examine opportunities to leverage Ridley know-how and expertise in stockfeed and nutrition, raw materials procurement and supply chain. Whilst there has been no definitive agreement reached to date, there are a number of partnering and joint venture arrangements currently being explored that may have the potential to exceed the required Ridley hurdle rates to cover the overseas transaction risk.

3. Feedstock operational improvement

Having completed the implementation of the new ERP system at all sites by the end of August 2011, the RAP management team was charged with the responsibility of uplifting overall operational performance through delivery of cost savings, mill efficiencies and restructure.

A program of mill replacement and upgrade and a strategic review of the long term viability of the Supplements business were the first two execution stages in this process, with mill replacement to be funded wherever possible by land sales of redundant mill sites.

In the first half year, the Monds & Affleck business was acquired, whilst the under-performing CCD additives business and Corowa feedmill were divested. Each of these initiatives has been covered in detail in the Ridley AgriProducts section commencing on page 16 of this 2012 Annual Report and helps to improve the business outlook for the 2013 financial year (FY13) and the years ahead.

The Monds & Affleck acquisition comprises the processing and distribution of stockfeed products throughout Tasmania using the Monds & Affleck name and associated brands. Under the sale agreement, Ridley is now manufacturing the Monds & Affleck range at its existing locations throughout Australia and distributing the products under a national supply agreement.

Our detailed operational review of the Supplements business early in the year concluded that we had to change the business model in order to create a critical mass in the strongest and most reliable regional market.

Management moved swiftly to acquire the Livestock Nutrition Technologies (LNT) business, transfer the acquired plant and equipment to Ridley's existing Townsville site, and consolidate its operations into Townsville, thereby making the Wacol site redundant and available for sale. The sale of the Wacol Supplements site was executed before the end of the first half year, and concluded by the 31 March 2012 scheduled completion date.

The combination of relocation north to the Townsville area, the additional volumes provided through the acquisition of LNT, and the cost savings and synergies from the integration of the two businesses into a single site, will enable us to take full advantage of the next supplementary block season with a business more capable of generating long term sustainable returns for Ridley shareholders.

During the second half of FY12, a significant management restructuring was undertaken in RAP which will result in a lower cost and more efficient structure for coming years.

The RAP restructuring activities conducted during the year provided cash inflows and released working capital into the business, which has contributed to the reduction at year end in both net debt and working capital as covered in the Financial Review section of this 2012 Annual Report.



**THE STRATEGIC PRIORITIES
FOR RIDLEY ARE FOURFOLD:**

- **AGRIBUSINESS CONSOLIDATION**
- **ASIAN EXPANSION**
- **FEEDSTOCK OPERATIONAL IMPROVEMENT**
- **PROPERTY REALISATION**

4. Property realisation

As previously reported, the Dry Creek property development remains on hold and there has been no change in this status during the year. Efforts have consequently been focused on expediting our land sales potential in Victoria and Queensland, and a broad range of long term opportunities has been examined at the Lara salt field site located near Geelong in Victoria.

Concurrent with our work on Lara, we also engaged consultants to undertake preliminary investigations into the feasibility of developing the Moolap salt field, also located near Geelong but on the opposite side to Lara. At the time of writing this report, the direction for each project has yet to be finalised, however with a combined carrying value for both sites in the vicinity of only \$3.5 million and salt production requirements covered by other salt producing sites, each of these sites has the potential to generate significant long term upside for Ridley shareholders.

The former salt field at Bowen is an asset held for sale following the cessation of all operations there after several years without a successful harvest.

Operating performance for 2012 financial year (FY12)

The FY12 consolidated result after tax of \$19.3 million slightly exceeds the upper end of the profit guidance range of \$17-19 million released on 22 May 2012. The internal forecasts, which were prepared following an unexpectedly weak month in April, have been outperformed largely due to two stronger than anticipated months for the rendering and poultry sectors of the business, which recorded favourable volume and margin variances boosted by the fourth quarter recovery in animal meal prices.

The RAP Earnings Before Interest and Tax (EBIT) result of \$27.2 million is the second highest result on record and includes an uplift from having a full year of Camilleri earnings compared to four months last year, offset by a sharp decline in earnings from the Ridley Aqua-feed sector which is covered in detail in the Ridley AgriProducts sector of this 2012 Annual Report.

The high salt and freight costs due to harvest interruptions and delays caused by the prior year's weather events have restricted the Cheetham Salt Ltd (CSL) core earnings before joint ventures (JVs) to \$11.1 million for the year.

CSL's share of the JV Net Profit After Tax (NPAT) for the year of \$6.8 million represents an EBIT value of \$9.7 million and EBIT before Depreciation and Amortisation (EBITDA) of \$10.9 million. The resumption of 100% distribution of JV NPAT earnings by way of dividend resumed during the year following the completion of the major capital upgrade at the Mount Maunganui plant operated by the Dominion Salt JV.

Included in the Corporate result for the year are non-recurring costs of \$1.5 million associated with the extensive preparation work undertaken in consideration of the Cheetham Salt transaction opportunities. The RAP results include \$1.0 million of costs incurred in restructuring the RAP management team which will deliver \$1.8 million of savings in 2013.

Safety

As an organisation, Ridley remains committed to safety, and to making sure that all tasks performed in the workplace by ourselves and our contractors, suppliers and customers are conducted in a safe and respectful manner. We recognise that there are workplace hazards in both of our operating businesses, and our collective duty is to ensure that appropriate safety systems and physical safeguards are designed and implemented at all times to manage those risks.

To measure our progress in respect of safety improvements we adopt a number of performance indicators which are reported at site, management and Board meetings. Near misses and incidents are reported and investigated, solutions developed and remedial actions taken to prevent a recurrence not only at that site, but also other sites capable of experiencing a similar event.

The long term injury frequency rate, or LTIFR, measured as the number of injuries incurring lost time for every million hours worked, was 4.46 in FY12. This is an encouraging decrease from the 6.6 recorded in the prior year and represents a 32% decrease in the rate of incidents that resulted in lost time to the business. The Serious Injury Frequency Rate, or SIFR, represents our total injury rate and slightly increased to 16.8 in FY12 from the prior year's 15.2.

Safety is a culture and one that we are committed to throughout the organisation. Through a process of continuous improvement, we endeavour to progress towards our long term goal of zero workplace safety incidents.

Cash flow

Despite slight reductions in EBITDA and EBIT compared to the prior year, we have improved our working capital by \$14.5 million and our net debt position by \$4 million, whilst at the same time maintaining full payment in cash of a 7.5 cents per share annual dividend.

We have generated proceeds of \$7.9 million from the disposal of surplus assets and effectively applied these within the \$8.0 million expended to commence the construction at Pakenham in Victoria of our first new feedmill since our Terang mill was built in 1997. This mill is scheduled to be commissioned prior to the end of the calendar year and will provide an immediate quantum shift in our competitiveness throughout the Gippsland region, as well as enabling us to close and sell our Dandenong feedmill.

With the construction of the new mill in progress, the capital expenditure outlay for the year has risen by \$10.3 million to \$22.2 million. A significant rendering expansion program has also commenced at Camilleri's Maroota facility for completion by the end of the first half of FY13.



Our people

During the year, and following the decision to pursue transaction opportunities for the Cheetham Salt business, I decided to step back into the senior operational role at RAP with the objective of securing greater traction with regard to the benefits available from the investment in the new Enterprise Resource Planning (ERP) system that we have spent much of the last three years implementing.

The RAP management structure had been progressively strengthened to assist with the cutover to the new system and to bolster the areas which exposed the business to the greatest risk during the transition and change management processes. A number of roles were consequently made redundant during the year at a cost of \$1.0 million, including the position of RAP CEO which had been capably filled by Peter Weaver since April 2010. Annualised savings from this restructure in the vicinity of \$1.8 million will commence from 1 July 2012 as all of the associated redundancy costs have been brought to account in the determination of the FY12 result.

Ridley has made good progress during the year with regard to its Diversity Policy, with the continuing focus on improving Ridley's talent pipeline and providing an environment where all employees in the Ridley workforce are encouraged and able to reach their career aspirations.

A number of programs were introduced during the year including emerging leader and leadership programs, mentoring and networking, together with the introduction of a paid parental leave scheme to eligible employees to complement the Government Scheme.

More details of each of these initiatives are provided in the Our People section, commencing on page 26 of this 2012 Annual Report.

Outlook

We are actively pursuing opportunities for a transaction for Cheetham Salt to unlock underlying asset value, and expect to be in a position to make a formal announcement by the Annual General Meeting, if not before. Any divestment transaction will generate cash proceeds, the application of which will be included in any announcement at that time, and may include a combination of debt retirement, investment for growth, and return to shareholders.

We are examining our debt funding capacity, cost structures, organic and inorganic growth opportunities, separation issues, tax cost bases and transaction structuring opportunities in contemplation of a Ridley without Cheetham Salt should the transaction proceed. This preparatory work is well advanced and our strategy determined in readiness for any transaction announcement.

The prospect for the Cheetham Salt business is positive, regardless of the ultimate ownership of the business. Domestically, there are unusually high salt and freight costs currently being reported which will normalise back to historical levels once the business has had an opportunity to return to traditional harvest cycles and non-extreme weather patterns. Ridley expects Queensland self sufficiency in salt supply and the progressive sale and averaging down of the current high cost of salt to provide a stepped uplift in Cheetham Salt's domestic earnings in future years.

The mature domestic market for Cheetham Salt products provides a stark contrast with the expansion opportunities open to Cheetham Salt in Asia, and in particular, in Indonesia. The issue of additional importation licences to commercially justify the Cilegon refinery expansion would facilitate not only an increase in overall refining capacity but also a proportionate switch to higher quality, higher margin products. The salt field opportunity on the Indonesian island of Flores provides the potential to produce 170,000 tonnes of salt per annum for domestic use. The opportunities for aggressive and

sustainable growth are evident and are expected to be a key focus in the contemplation of a divestment transaction.

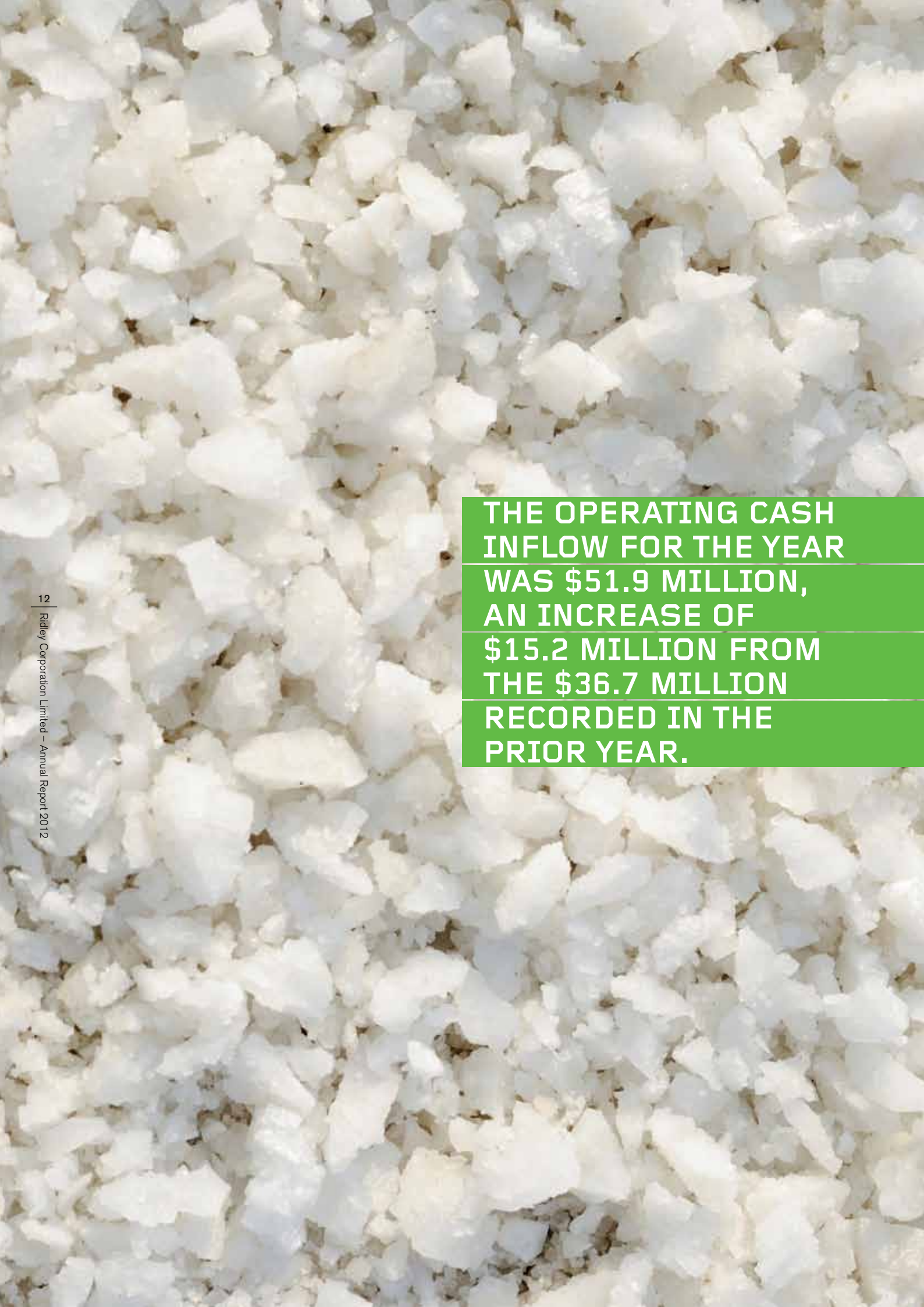
With successive EBITDAs of \$43 million or more reported in the last two years and a positive outlook for both businesses, unlocking shareholder value is a clear imperative for the Ridley Board. The Board will strive to achieve a positive divestment outcome for all shareholders.

Although we believe we have achieved a great deal over the last three years to de-risk Ridley and transform Ridley into a stand out performer in the agribusiness sector, there is still significant upside for the business coming off a year where we have experienced softer trading conditions and incurred \$2.5 million of non-recurring restructure and transaction preparation costs.

For FY13, we expect an improvement in our RAP operating results. A turnaround of the Supplements business is anticipated following the closure of Wacol and acquisition of the LNT business, and we should also benefit from six months of operations from the new Pakenham ruminant mill and a full year's impact from the Monds & Affleck acquisition. Independent of the ultimate ownership structure for Cheetham Salt, we expect a substantial reduction of salt costs and supply chain costs to start generating the forecast uplift in Cheetham Salt results.

Although FY12 earnings clearly did not reach our expectations, a significant amount of effort has been expended to provide a more robust business in the future. My thanks go to management and employees for their dedication and hard work and to the Board for their support in our endeavours.

John Murray
Managing Director and
Chief Executive Officer



**THE OPERATING CASH
INFLOW FOR THE YEAR
WAS \$51.9 MILLION,
AN INCREASE OF
\$15.2 MILLION FROM
THE \$36.7 MILLION
RECORDED IN THE
PRIOR YEAR.**

FINANCIAL REVIEW

Ridley Corporation Limited (Ridley) has recorded a consolidated profit after tax of \$19.3 million for the year ended 30 June 2012 (FY12).



Alan Boyd – Chief Financial Officer and Company Secretary

Operating result

With two strong months in poultry and rendering to conclude the year Ridley has been able to record a net profit after tax (NPAT) for the year of \$19.3 million.

Full year operational earnings before interest and tax (EBIT) (including the Ridley share of Cheetham Salt joint venture (JV) NPATs) of \$35.7 million is \$4.2 million down on the prior period (2011: \$39.9 million), of which \$1.5 million represents costs associated with extensive preparatory work undertaken in pursuit of the possible Cheetham Salt divestment transaction which continues to progress after balance date. Consolidated EBIT including the JV EBITs is \$38.6 million, compared to \$43.2 million in the prior year.

Ridley AgriProducts (RAP) generated EBIT for the year of \$27.2 million, its second highest result on record, and this result includes the expensing of \$1.0 million of second half restructure costs which will deliver annualised savings of \$1.8 million effective from 1 July 2012.

The Cheetham Salt business generated EBIT before joint ventures of \$11.1 million, down \$3.1 million on last year and adversely affected by the significantly higher salt costs and supply chain costs incurred as a result of last year's record floods.

The Cheetham Salt joint ventures in New Zealand and Australia delivered an operating result generally consistent with the prior year, with the equity accounted share of net profits after tax being \$6.8 million (2011: \$7.0 million), and underlying EBIT of \$9.7 million, and EBIT before depreciation and amortisation (EBITDA) of \$10.9 million.

Sales revenue and gross profit

Consolidated sales revenue for FY12 was \$734.7 million (2011: \$723.7 million), 1.5% or \$11.0 million up on the prior year. Gross profit was \$74.6 million, \$0.3 million below last year's \$74.9 million.

Net finance costs

The net finance costs of \$9.3 million is \$0.4 million lower than the prior period (2011: \$9.7 million). The finance cost includes the first full year of interest on the \$32.2 million of debt associated with the 1 March 2011 Camilleri acquisition, the impact being \$1.5 million of additional interest compared to the four month prior period charge.

The impact of the higher debt levels was offset by the decrease in loan and overdraft interest rates between the years due to a series of four interest rate decreases, which progressively lowered the base rate from 4.75% prevailing at 1 July 2011 to the 30 June 2012 rate of 3.5%, which was established on 5 June 2012. A further \$0.2 million of finance costs were capitalised in relation to the construction of the new mill at Pakenham.

Income tax expense

Following the resolution in FY11 of a number of prior year tax matters, the anticipated return to Ridley's traditional effective tax rate percentage in the mid-twenties has occurred in FY12, with the R&D Tax Concession, tax depreciation on salt fields, and the once off sale of the Wacol operations being the primary favourable deductions from the prima facie tax rate. The Wacol operations of the Supplements business had been impaired down to land and buildings value for accounting purposes in a prior year whereas the tax written down values were only written off on sale of the asset, giving rise to a positive tax position compared to the accounting result.

Significant items, discontinued operations and impairments

There are no items during either FY12 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.

\$1.0 million of non-recurring restructure costs and \$0.4 million of LNT and Monds & Affleck acquisition costs were expensed during the year in RAP. \$1.5 million of Cheetham Salt divestment preparation costs were expensed within the Corporate head office. There will be further divestment related costs incurred in 2013 including the financial advisor costs which are predicated upon achieving a successful transaction outcome and will be recorded as a component of the overall profit or loss on divestment should the transaction proceed.

	2012 A\$'000	2011 A\$'000	Percentage Change
Results summary			
Sales revenue	734,695	723,702	1.5%
Gross profit	74,636	74,876	(0.3%)
Profit before tax	26,355	30,240	(12.8%)
Profit after tax	19,253	29,316	(34.3%)

Cash flows for the year in \$ million	Year Ended	
	30 June 2012	30 June 2011
Profit before income tax	26.4	30.2
Net interest expense	9.3	9.7
Depreciation and amortisation	14.4	14.2
EBITDA (including JV NPATs)	50.1	54.1
Movement in working capital	14.8	(7.7)
Maintenance capital expenditure	(13.0)	(9.7)
Operating cash flow	51.9	36.7
Development capital expenditure	(10.6)	(3.4)
Dividends paid	(22.9)	(22.9)
Proceeds from sale of CCD, Corowa and Wacol mills (2011: Sale of liquid feeds business)	7.9	4.5
Net finance cost payments	(8.9)	(9.1)
Net tax payments	(4.9)	(4.1)
Acquisition of LNT and Monds & Affleck businesses (2011: Camilleri)	(6.9)	(32.7)
Share-based payments	(1.5)	(1.7)
Movement in other balance sheet items	(0.2)	2.6
Cash flow for the period	3.9	(30.1)
Opening net debt balance at 1 July	(102.1)	(72.0)
Closing net debt balance at 30 June	(98.2)	(102.1)

Whilst 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, the reduction in earnings for the year for Ridley Aqua-Feed and the subdued outlook for this sector has significantly eroded the impairment headroom. Recent internal reorganisation and cost-cutting initiatives and relaxation of production constraints at the Inverell site are expected to improve the Ridley Aqua-Feed results in the future.

Dividend

Directors have declared a fully franked, final dividend of 3.75 cents per share, payable wholly in cash and unchanged from the previous final dividend. The dividend will be payable on Friday 28 September 2012 to shareholders on the register at 5.00pm on Friday 7 September 2012. The total cash dividend payable in respect of FY12 is 7.50 cents per share, and the entire dividend for the first time in several years will be franked to 100%.

Cash flow and working capital

The operating cash inflow for the year (after working capital movements and maintenance capital expenditure) was \$51.9 million, an increase of \$15.2 million from the \$36.7 million recorded in the prior year.

After tax cash dividend payments of \$6.8 million received from the Cheatham Salt joint ventures in FY12 reflect the resumption of 100% pay out of NPAT following completion of the major capital works at Mount Maunganui.

Development capital expenditure for the year of \$10.6 million (FY11: \$3.4 million) includes \$8.0 million associated with the construction of the new mill at Pakenham plus \$1.2 million to purchase the previously leased Ridley Aqua-Feed site at Narangba, whilst depreciation and amortisation for FY12 increased slightly to \$14.4 million (FY11: \$14.2 million).

The positive reduction in working capital of \$14.8 million has been a strong contributor to an overall \$3.9 million reduction in net debt to \$98.2 million at balance date.

The cash flow summary with a prior period comparison provided in the table adjacent has been sourced from the audited accounts but has not been subject to separate 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.

Balance sheet

A sale process had commenced by balance date for the RAP feedmill at Dandenong and the former salt field at Bowen, such that the aggregate carrying value of \$4.0 million has been reflected in the financial statements as Assets held for sale. The expectation is for a sale of each of these sites within 12 months at a value not less than the current carrying value, however the extent of any surplus is presently uncertain and can only be accurately determined by a sale transaction.

With the tax effect from sales of accounting-impaired assets impacting both revenue and capital account, and having made tax instalment payments of \$4.9 million during the year, the balance date domestic income tax position is a net receivable of \$1.6 million.

The combination of a \$4.7 million reduction in receivables, \$8.2 million reduction in inventory and a \$2.6 million increase in creditors have contributed to an overall reduction in working capital of \$14.8 million.

The \$3.6 million of salt inventory created by the laying of salt floors at the Dry Creek site in Adelaide has been recorded as non-current inventory which reflects management's current intentions with regard to the timing of its harvest and to the satisfactory completion of the national harvest program.

A large contributor to the \$5.6 million increase in property, plant and equipment is the \$8.0 million of construction work in progress for the new mill at Pakenham.



Independent valuations of the salt fields and Ridley land and buildings were conducted as at 30 June 2012, and the results and implications for fair value duly considered by the Board. The carrying values for the salt fields are within the valuation range independently calculated using the long term outlook for the salt business that was subject to external vendor due diligence as part of the Cheetham Salt potential divestment. Whilst there are a number of increments and decrements between existing carrying values and the independently assessed values as at balance date, the Board does not consider these values to reflect permanent, underlying shifts in fair value other than for the former salt field at Lara and the Murray Bridge site, adjacent to which a brand new shopping centre has recently been opened which has uplifted the highest and best use potential for the site. The fair values for the Dandenong feedmill and Bowen salt field sites will be crystallised through a sale transaction in due course, and their carrying values have been retained and reported under the Assets held for sale balance sheet classification.

Earnings per share

The underlying earnings per share of 6.3 cents per share for FY12 reflects the fall in operating result on a stable equity platform.

	2012	2011
Earnings per share	Cents	Cents
Basic earnings per share	6.3	9.5

Gearing

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

Much of the increase in capital expenditure for FY12 has been financed by asset sales, and it is the reduction in working capital of \$14.8 million that has greatly assisted in the reduction of the net debt position as shown in the following table.

	2012	2011
	\$'000	\$'000
Gross debt	105,379	115,386
Less: cash	(7,228)	(13,247)
Net debt	98,151	102,139
Total equity	290,483	290,970
Gearing ratio	33.8%	35.1%

Capital movements

During FY12, a total of 1,003,418 (FY11: 1,320,489) shares were acquired by the Company on market for \$1.5 million (FY11: \$1.7 million) to satisfy the issue of 462,560 (FY11: 777,609) shares under the Ridley Performance Rights Scheme and 540,858 (FY11: 542,880) shares under the Ridley Employee Share Scheme. There were no movements in issued capital during either financial year.

Alan Boyd
Chief Financial Officer and
Company Secretary



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

2012

highlights

- + \$27.2 million of EBIT
- + Third successive year of poultry tonnage and revenue growth
- + Supplements business restructured
- + Construction of new mill at Pakenham
- + Acquisition of Monds & Affleck and LNT



Ridley AgriProducts (RAP) recorded an Earnings Before Interest and Tax (EBIT) of \$27.2 million for FY12, up \$2.3 million from the prior year's \$24.9 million and its second highest result on record.



John Murray – Chief Executive Officer, Ridley AgriProducts

The two single largest movements from the prior year are the inclusion of a full 12 months earnings contribution from Camilleri Stockfeeds (compared to four months in the prior year) offset by a substantial decline in Aqua-Feed earnings.

The Supplements business suffered from a second year of abundant pasture and also an unsustainable operating structure, which was overhauled during the year through the closure and sale of its Wacol premises near Brisbane and the acquisition and consolidation of the LNT business into the Townsville operation.

The Dairy business continued its recovery, albeit at a slower rate than anticipated, whilst the Packaged Products volumes were maintained, with growth in both sectors stunted by the widespread availability of natural grazing.

Overall sales for FY12 of \$637.4 million were up \$18.4 million (2.9%) on last year, and reflect 1.6 million tonnes of stockfeed sold, more than 29,000 tonnes up on last year. The following is a sector by sector analysis of performance for FY12 and outlook for FY13.

Sector performance

Poultry

For the third successive year, Ridley's poultry sector sales tonnage (933,000 tonnes for the year) and revenue increased, reflecting the continuing growth in domestic demand for poultry products over and above population growth and in accordance with a shift to lean, white meat as a source of value for money protein.

With high throughput and long production runs, many of our poultry mills are at or approaching capacity, particularly in South Australia, where we are expanding the intake and storage capacities at Wasleys to accommodate forecast growth in local bird numbers from our major clients in the region. Whilst our Victorian mills continue to contribute strongly to the business, expected volume increases at the Clifton site in Queensland did not eventuate and we are looking to secure additional volumes from other sources to increase throughput at this mill.

Ridley expects the long term consumer growth trend and switching from red to white meat to continue, and remains well placed to service the major growth processing regions of South Australia, Victoria and south east Queensland.

Pig

Ridley's pig sector has stabilised since the 2010 vertical integration of its largest pig customer, and recorded sales of 197kt for the year compared to 224kt in the prior year. With shorter production runs and a higher number of dietary changes than the poultry sector, a key driver of pig sector profitability is the effectiveness and efficiency of the production run changeover processes and raw materials management, and this has been a focus at mill level during the year.

The domestic pig sector remains stable, and volumes and margins similar to the 2012 year are expected for FY13.

Ruminant – dairy, beef and sheep

Despite last year's improvements in the overall wellbeing of the dairy industry, the watch out for FY13 is the impact of continued pasture abundance on the demand for stockfeed at the start of the new dairy season.

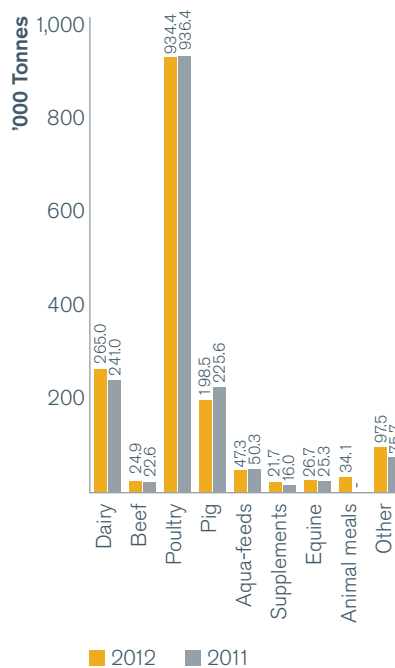
During FY12, renewed optimism within the industry encouraged dairy farmers to rebuild herd numbers from the levels experienced when milk prices were at their cyclical lows. The launch of a new Ridley grain mix product range at Maffra, Victoria, assisted in regaining market share in the Gippsland region previously lost as farmers moved to cheaper, lower grade alternatives during the dairy downturn. In addition,

Ridley entered the Tasmanian market following the acquisition of the Monds & Affleck business and expects tonnages into that market to increase over the next few years as dairy volumes grow.

Following a review of the Victorian dairy market in general, a decision was taken early in the 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. 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 2011 Annual General Meeting. The overall profit and loss impact of the sale of the Corowa mill and its earnings generated prior to sale was slightly better than break even.

In mid-December 2011, Council planning approval was received for a new low cost ruminant mill to be built alongside our existing monogastric mill at Pakenham. At the time of writing, construction is well advanced and the mill is expected to be commissioned by Christmas 2012.

Australia feeds



Including sales of Packaged Products.

Once the 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. The 1.3 hectare Dandenong property is now zoned, and is also ideally located, for high density residential use, and the sale process had commenced prior to balance date.

The recovery in the dairy industry is expected to continue in FY13, and this should see Ridley benefit in the medium term as more normal seasonal conditions return and stock numbers are increased across eastern Australia.

Rendering

The poultry and fish rendering business of Camilleri Stockfeeds (Camilleri) acquired by Ridley on 1 March 2011 has contributed strongly throughout the year, and the additional eight months of trading compared to the prior year has provided a significant uplift in year on year earnings. Having exceeded all of its acquisition performance hurdles, the full contingent consideration of \$3 million was paid out during the year. Camilleri forms an integral part of the RAP business moving forward and provides supply chain security for a key source of protein as a stockfeed input.

During the year, a \$1.8 million capital upgrade project at the Camilleri site was approved and commenced. The replacement of batch cookers with a continuous cooker process will provide an uplift in capacity at the Maroota site, located 65 kms north of Sydney, and will enable the business to target new sources of raw material supply.

Perfectly positioned to service the rendering requirements of the Sydney basin, the outlook for the Camilleri business and its industry is very positive.

Packaged Products

Increased vigilance on margins and supply chain, coupled with the new branding and products introduced last year, have upheld earnings despite the unfavourable market conditions caused by the continued abundance of natural pasture.

The Packaged Products team has completed year two of its three year plan to establish the foundation for long term, sustainable growth. The strength of the brand loyalty continues to impress and be enhanced through the adoption of stringent quality control and customer support processes which facilitate the consistent delivery of high quality, value adding products to the market.

The December 2011 purchase of the Monds & Affleck business has started to generate additional volumes for distribution through the Ruralco retail network in the eastern states. Furthermore, the business of processing and distributing stockfeed products throughout Tasmania under the Monds & Affleck brands acquired by Ridley has started to build momentum and is expected to contribute positively to the FY13 result and thereafter.

Supplements

The lack of a dry season across the northern, eastern and southern regions of Australia in the last two years has had a major impact on the demand for supplementary feed products manufactured by the Supplements business in southern and northern Queensland. After recording a small profit in FY11, and then incurring losses in the early part of FY12, a strategic review was conducted to identify initiatives to stem the outflow.

The review concluded to concentrate the service offering on the higher volume, more reliable northern Queensland market

and exit the southern Queensland region altogether. At the Ridley Annual General Meeting in November 2011, shareholders were advised that as part of this consolidation into northern Queensland, Ridley had acquired the business of Townsville-based competitor LNT, with the intention of relocating its operations into the existing Ridley Townsville Supplements site.

The management of an orderly wind down and closure of the Supplements site at Wacol was conducted and concluded by the end of March 2012, with the sale of that site for proceeds in the vicinity of \$5.5 million. A small profit on the sale was recorded after deduction of appropriate relocation, contract termination and transaction costs, whilst working capital in the vicinity of \$3 million was liberated after settlement of all Wacol working capital.

It is expected that the outcome of the collective 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.

Aqua-Feed

The performance of Ridley Aqua-Feed (Aqua-Feed) for the year suffered from a number of adverse events and factors which contributed to a significant decline in earnings from the levels generated in recent years.

Salmon

Salmon feed volumes suffered due to unseasonably cold water temperatures in Tasmania early in the 2012 financial year and although tonnages recovered later in the year, the overall growth in this sector has declined and relatively flat volumes are now forecast for FY13.



Prawn and barramundi feed volumes have been lower than FY11 due to these sectors facing severe competition from imported products from Asia. This has prompted lower biomass levels in these species and is being exacerbated by the continuing strength of the Australian dollar.

The business faces the prospect of low priced imported products arising from the continuing high Australian dollar and surplus domestic production capacity for the salmon industry, which is the result of a major expansion by Aqua-Feed's main domestic competitor. Until such time as the current surplus industry capacity is absorbed through the progressive growth in demand as predicted by the salmon farmers, the medium term outlook for Australian suppliers to the sector is flat.

The Aqua-Feed division has instigated cost reduction initiatives and is overseeing a number of research and development projects designed to provide an innovative competitive edge in feed conversion and to provide a continuing compelling commercial case for its products.

Enterprise Resource Planning

The new ERP system roll out to each of the individual sites was concluded in August 2011, and the change management program coordinated across all parts of the business. Whilst this created some discomfort and increased training and consulting costs for the business, the benefits from the learnings and business improvements were evident by year end and will be further enhanced during the coming months with the resolution of a number of issues that were deferred until the conclusion of the roll out process.

R&D and innovation

Ridley's reputation has been established and relies 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.

The changing world of raw materials presents challenges and opportunities, and there is a growing awareness of the pressures that continuing population growth will have on scarce resources, such as arable land for the growing of food and crops. The food versus fuel debate is likely to increase as more cost efficient ways and processes are developed to extract fuel from agricultural products and as reserves of fossil fuels progressively dwindle through extraction. Asian organisations in particular are securing ownership positions now which will provide them with surety of supply of key raw materials in years to come when their domestic supply and demand imbalances become untenable. Ridley is conscious of these likely developments and of the need to improve feed conversion ratios and find new sources of nutrition. We are looking to develop research programs which will ensure that Ridley remains a critical provider in the world's increasingly challenging quest for protein.

Reports on the continuing decline of world fish stocks continue to raise alarm bells and there is a very strong likelihood that the need for aquaculture will increase significantly over the coming years. With dwindling wild fish stocks comes a scarcity of fish meal and fish oil, and a continuing focus for Aqua-Feed's R&D is the development of long term substitutes for these inputs.

Outlook

The overall outlook for RAP is positive, with Dairy and Packaged Products expected to benefit from a return to more traditional seasonal patterns and with the restructured Supplements business well positioned for the coming peak season. The growth trend for poultry products is expected to continue and we remain well positioned to be an integral part of that growth story.

Whilst volume growth opportunities for Aqua-Feed are currently constrained by surplus production capacity in the industry, the purchase of the Aqua-Feed site at Narangba in FY12 and the recently granted flexibility to allow the production of pet food at Inverell, together with various organisational and supply chain restructuring initiatives, should deliver improved earnings in FY13.

The new mill at Pakenham is expected to provide an earnings uplift in the second half of FY13 whilst the increased capacity at Camilleri will enable that business to aggressively target new volumes.

CHEETHAM SALT

Cheetham Salt profitability for FY12 was \$17.9 million, compared with \$21.2 million in FY11. The FY12 result comprised earnings before interest and tax (EBIT) of \$11.1 million (FY11: \$14.2 million) generated by the base business, plus after tax profits of \$6.8 million (FY11: \$7.0 million) from the joint ventures.



Andrew Speed – Chief Executive Officer, Cheetham Salt

Profitability in the base business was unfavourably impacted by increased salt costs associated with harvest delays and a reduction in harvest yields, as a consequence of last year's rainfall dilution and a poor evaporative season. Manufacturing at the Bajool refinery in Central Queensland was impacted by mechanical issues that prevented the refinery from operating efficiently, and cost pressures associated with its proximity to the resource boom. Supply chain costs were also higher than the prior period due to increases in warehousing and freight costs following an unseasonably cool start to the swimming pool season on the eastern seaboard, and fuel charges levied by the industry.

By contrast, offshore earnings from Indonesia and Japan improved in FY12. Earnings from the Indonesian business continued to benefit from recent investment in the refinery which produced a richer product mix, with commensurately improved margins. Despite the high Australian dollar, earnings from the Japan business also improved, benefiting from the increased proportion of high grade products sold into niche applications that command premium pricing and margins.

Sector performance

Cheetham Salt supplies a broad number of industry sectors, providing the business with a healthy level of diversification. In some instances these sectors provide the business with a natural hedge against variability of demand as a result of the weather.

Throughout FY12, demand for salt in the stockfeed and hide sector remained at cyclical lows. Pasture remained abundantly available in Queensland throughout the year, keeping demand for salt used in supplementary feeds at a similar level to the prior year. Hide volumes fell slightly from the prior year with slaughter rates remaining low.

Whilst the prior year demand for swimming pool salt was favourably impacted by the high rainfall, this year's summer across the eastern states of Australia was unseasonably mild. This impact was felt most at the start of the pool season when sales into this sector were subdued, and the stock build necessary to service this market incurred higher incremental warehousing and freight costs than the previous period.

Sales into the food sector remained steady, with salt reduction initiatives to reduce the sodium content of processed food offset by population growth. An additional bulk shipment increased the Chemical sector sales by 24,000 tonnes for FY12, whilst sales to Penrice in the Soda Ash sector increased by 12,000 tonnes compared to the prior year.

Export sales were favourably impacted by two additional shipments of crude salt to our Dominion Salt joint venture in New Zealand. These additional shipments to New Zealand were required to compensate for a harvest shortfall at the joint venture's Lake Grassmere salt field on the northern coast of the South Island.

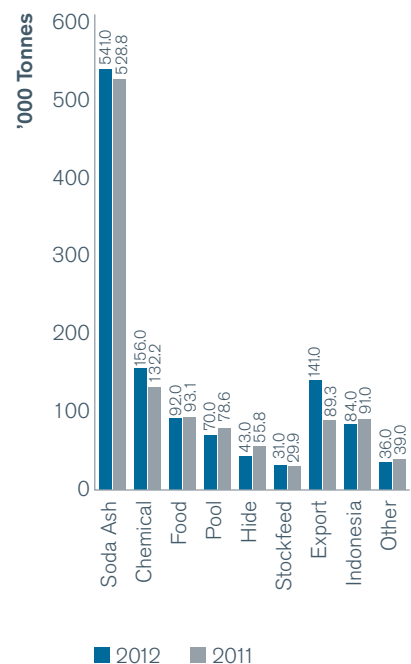
Despite the high Australian dollar, the Japanese business continues to grow at a steady rate in line with our expectations, given the long lead times necessary to build relationships in Japan. The profitability of this business is benefiting from the sale of higher value products into niche applications, making the business less susceptible to currency movements.

The Indonesian business continued to exceed expectations. Construction of the greenfield refinery at Cilegon in FY10, combined with further capital improvements in FY12, is enabling the business to target higher quality products with the commensurate increase in margins. The growth opportunities for Cheetham Salt in Indonesia are considerable, and are covered in the Indonesia growth section below.

Overview of salt costs

Salt preparation and harvest costs are a significant part of Cheetham Salt's cost of goods sold. Salt costs reflect an allocation of fixed and variable costs incurred in growing and harvesting of the salt crop. Salt costs are calculated for each salt field on a per tonne basis, determined by the time it takes to grow the salt and the volume of the harvest. Salt costs therefore vary between financial years depending on the yield and timing of the harvest.

Salt products



2012 highlights

- + \$17.9 million of earnings in tough year
- + Reliable JV after tax earnings
- + Improvement in Japanese and Indonesian offshore earnings
- + Positive harvest outcomes
- + Significant growth opportunities ahead in Indonesia



Cheetham Salt operations

- 1 Bowen
- 2 Bajool
- 3 Port Alma
- 4 Brisbane
- 5 Sydney
- 6 Wakool
- 7 Melbourne
- 8 Lara and Moolap
- 9 Corio
- 10 Sea Lake
- 11 Dry Creek
- 12 Price
- 13 Lochiel
- 14 Kevin
- 15 Fremantle
- 16 Mount Maunganui
- 17 Lake Grassmere
- 18 Cilegon
- 19 Surabaya
- 20 Tokyo

- Head office
- Sales office
- Production
- Refinery
- Production and refinery

Once harvested the salt is carried as inventory on a weighted average basis for each site and recognised in the earnings statement when sold. As a result there is a long lag time between the costs of production being incurred and the recognition of these salt costs in earnings.

In FY11, the business only harvested approximately half the historical annual volume across the fields, resulting in significantly higher harvest salt costs in that year. This materially increased the weighted average salt cost in the business, eroding earnings in FY12. The impact of this higher cost inventory on Cheetham Salt's earnings will progressively reduce as lower cost salt is harvested and weighted into the crude salt inventory.

The weather impact was most pronounced in central Queensland, where the floods that occurred during the 2010 Christmas period significantly impacted production of salt at Bajool and Port Alma. The impact was such that no salt was harvested at Port Alma in FY12, and Bajool harvested less than half its historical average. As a consequence, crude salt inventory in central Queensland reached critically low levels, necessitating the transfer of shipments of bulk crude salt to the site, further increasing the salt cost.

A significant reduction in overall salt costs is forecast by management once the high cost salt is progressively sold and averaged down with lower cost new harvest salt. This reduction will commence in FY13 and continue to fall over the next few years.

Manufacturing

Approximately \$6.5 million has been invested in recent years in upgrading the Bajool refinery to meet the growing demand for high grade salt in Queensland. During the first half of FY11, commissioning of the capital upgrade of the Bajool refinery was undertaken. Throughout this period, the commissioning process was

compromised by record high rainfall, culminating in the flooding of Rockhampton during the 2010 Christmas period. This unusually high rainfall impacted plant and equipment performance, and altered the product mix demanded by the market. Plant reliability remained an issue throughout the year, and combined with the escalating labour costs in central Queensland, contributed to deterioration in financial performance at the site in FY12.

Throughout FY12, Bajool refinery performance data was collected to identify the critical components of the plant adversely impacting efficiency, solutions identified, and the capital projects commenced under an all encompassing Bajool Improvement Plan. The objective is to establish a reliable and efficient manufacturing platform that enables Cheetham Salt to supply the Queensland market from Bajool with all but a few specialised grades of salt. These capital projects will continue into FY13, with the full benefit of these initiatives expected in FY14.

Joint ventures

The four joint venture operations have recorded an aggregate after tax contribution of \$6.8 million for FY12, which corresponds to an aggregate EBIT of \$9.7 million and EBITDA of \$10.9 million. The contribution from the joint venture businesses remains robust, albeit slightly down on the prior year.

The Salpak (Australia) and Cerebos-Skellerup (New Zealand) businesses continue to operate in challenging retail environments, impacted by the increase in private label products, rising supply chain costs and supermarket discounting. Despite this, these business have maintained market share through investment in the brands, promotional campaigns and the launch of new gourmet products.

Dominion Salt Limited's (Dominion) volumes and earnings were higher in FY12, however US dollar earnings from the pharmaceutical export business were adversely impacted by the stronger New Zealand dollar. Export pharmaceutical sales of the high quality, pure dried vacuum salt produced by Dominion remain a major growth opportunity, serviceable from the recently expanded vacuum plant at Mount Maunganui. The new business development program supporting this investment is progressing as planned, however receipts are lower than projected due to the currency impact.

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

LEAN manufacturing

Last year Cheetham Salt commenced the implementation of an efficiency program designed to reduce waste in the business. To achieve this, LEAN manufacturing principles and tools were introduced to the business to assist in the systematic identification and elimination of waste. Each manufacturing facility is now measuring its Overall Equipment Effectiveness (OEE) and capturing the data necessary to identify the key issues impacting the site's efficiency. With the loss data established, proven tools and techniques are being used to eliminate the loss and improve manufacturing efficiency.

Whilst management is satisfied with the progress of this initiative, adoption of the LEAN manufacturing principles by the business will continue in FY13. A continued focus on the elimination of waste will become the 'way we do business' at Cheetham Salt.



Indonesia

The Cheetham Salt operation in Indonesia continues to exceed expectations. In FY12 further capital was invested to improve the refinery's ability to manufacture high grade products that command premium prices and margins, resulting in a richer sales mix.

Indonesia is a compelling location for international growth to complement Cheetham Salt's leading positions in the Australian and New Zealand markets. The Indonesian business is locally managed, has strong relationships with Indonesian businesses and Government departments, which combined with the country's favourable structural and economic factors, provide a stable platform upon which to launch an expansion program within Asia.

For some years the Indonesian Government has had a desire to make Indonesia more self sufficient in large scale salt production. Indonesia is a net importer of salt, and improving its salt production capability in order to substitute imports is a national priority.

In support of this initiative, Cheetham Salt has been investigating the feasibility of constructing a large scale salt field in Indonesia, with the same attributes as the Australian salt fields. Discussions with the Indonesian Government and the feasibility studies have advanced well during FY12, with the business actively progressing the development of a new 170,000 tonnes per annum solar salt field at Flores in eastern Indonesia.

Once completed, the Flores field will be Indonesia's largest salt field, which will secure long term domestic supply of high quality salt volumes materially in excess of the current import licence, and provide a key staging point for expansion into the attractive East Java market. Construction of this salt field will transform Cheetham Salt into the largest fully integrated salt producer in Indonesia.

Alternative sources of salt

Cheetham Salt continues to be in regular dialogue with the water treatment companies and major coal seam gas producers, as this industry may prove to be a source of commercial quantities of salt. The coal seam gas industry plans to establish a large number of 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 brackish 'associated water' which contains a mixture of salts, including sodium chloride. Cheetham Salt's product and market knowledge, combined with its complex and efficient supply chain, uniquely positions the business to contribute to the associated water solution.

Outlook

The harvest impacts of FY11 have flowed through to the operating results of FY12 in the form of higher salt costs and incremental freight costs. It will take the resumption of normal harvest cycles before the higher than usual salt costs have averaged down towards historical levels. When combined with the operational improvements of the Bajool refinery, and the adoption of LEAN manufacturing principles, there is expected to be a positive uplift in the earnings from the mature domestic business.

The outlook for growth in Indonesia is very encouraging, and recent meetings with the Indonesian Government have confirmed its publicly announced intention to become self sufficient in salt production. Cheetham Salt has advised Indonesian Government representatives that approval has been granted by the Ridley Board for Cheetham Salt to proceed with the Flores salt field project subject to the receipt of the requisite regulatory approvals.

PROPERTY DEVELOPMENT

Ridley has a diverse property portfolio across Australia, including significant freehold salt field and feedmill properties which are now surplus to the operational requirements of the business.



Stephen Butler – Property Development Manager

2012 highlights

- + Progress on a number of fronts
- + Design and feasibility studies for Moolap site
- + Technical investigations completed for Lara
- + Sale of Wacol site for \$5.5 million proceeds
- + Bowen and Dandenong marketed for sale

Ridley has developed a strategy to create shareholder value through the divestment and/or redevelopment of these surplus property assets, and further progress has been made on a number of fronts in FY12 that is likely to see significant value created over both the short and long term.

Long term value creation strategies have been focused on key salt field sites in Victoria and South Australia, including the non-operating salt fields at Lara and Moolap in the Geelong region in Victoria and the operating salt fields at Dry Creek in South Australia. The Lara and Moolap development sites have been transferred from Cheetham Salt ownership to Ridley ownership during the year and have consequently been excluded from the Cheetham Salt divestment process, together with the former salt field at Bowen. In contrast, the Dry Creek salt field remains a fully operational site servicing the long term Penrice supply agreement and is included as an asset available for purchase within any divestment transaction.

Operational efficiencies have been implemented across the stockfeed business, and restructure opportunities exist for a number of feedmill sites across Queensland and Victoria which provide the potential to generate shorter term returns through property asset sales. Ridley expects that several property sales currently being pursued, including the Bowen salt field site, will be completed during FY13.

Moolap

In 2011, Ridley began investigating alternative use opportunities for the Cheetham Salt site at Moolap, Victoria. This 475 hectare site is a mixture of freehold land and leased land, and occupies a unique strategic position on the southern side of Corio Bay, within three kilometres from the Geelong Central Business District (CBD). The Geelong region is experiencing considerable population growth, and whilst the site is held as an operating salt field, there has been increasing land availability pressure which has led Ridley to investigate opportunities for redevelopment of the site.

Consultants were engaged to advise on alternative land use scenarios, prepare design concepts and undertake preliminary feasibility studies. The results of the preliminary analysis proved encouraging and Ridley is now undertaking further work and holding discussions with key Government stakeholders to confirm whether it would be feasible to move forward into the project approvals phase.

Whilst no formal process has commenced, Ridley is being actively pursued by a number of prominent developers seeking to partner with Ridley in redevelopment of the site. Ridley will commence more formal discussions with interested parties in FY13, followed by a more defined planning process to pursue an alternative land use.

Lara

While property market conditions have fluctuated in Victoria during FY12, there have been positive signs for the Avalon region, which is approximately 55 kilometres west of the Melbourne CBD and 10 kilometres from the Geelong CBD.

Ridley's 912 hectare property adjacent to Avalon Airport is located within a future employment corridor nominated by the Victorian State Government's planning blueprint 'Melbourne @ 5 Million', and as such is set to directly benefit from proposed expansion within the area surrounding the airport.

Recent movements in the local property market, including sale of a 141 hectare site directly adjacent to Ridley's property as a land-bank opportunity, has spurred enquiry about Ridley's landholdings, and also further confirms the site's strategic positioning and future potential.

Preliminary planning and technical investigations have been completed for the Lara site, which indicated that a large portion of the land has redevelopment potential for industrial and airport-related uses. Ridley considers that this opportunity will create significant value for shareholders and is actively pursuing all value-creating opportunities.



Cheetham Salt, Moolap

Dry Creek

Cheetham Salt owns more than 5,000 hectares of freehold land in the broader Dry Creek area, generally following the coastline northwards from Adelaide. In 2008, Ridley and Delfin Lend Lease (Delfin) entered into a Heads of Agreement to facilitate investigation into the redevelopment of the Dry Creek salt fields. The investigations indicated that redevelopment of the site would be commercially viable based on an indicative design as a Master Planned Community of approximately 10,000 dwellings.

Whilst Ridley determined not to proceed into the next stage of the investigations with Delfin, we remain confident that redevelopment of the land will occur at an appropriate time, and that the land will continue to present a significant strategic opportunity given its proximity to the heart of Adelaide and inclusion within the South Australian State Government's 30 year plan for the Greater Adelaide region. Ridley will continue to monitor this opportunity and work closely with the South Australian Government to establish a pathway for future redevelopment of the site to maximise its long term value to Ridley shareholders.

In addition to the Dry Creek site itself, Cheetham has substantial landholdings further north of the site, adjacent to the Buckland Park township, which also

represent further redevelopment opportunities over the long term. A new residential master-planned community called 'Riverlea' is currently underway adjacent to Cheetham's Buckland Park landholdings, and which will become home for over 12,000 families into the future. Ridley believes that the opportunities associated with this land will be significant but with a long term horizon, and preliminary discussions have been held with a prominent developer in this regard.

Bowen

In early calendar 2012, Ridley began a marketing campaign for the sale of the Cheetham Salt Bowen site, located in the Whitsunday Islands. Production of salt at the site has been severely limited for several years due to severe weather events. Cheetham Salt consequently considered the site to no longer be commercially viable and commenced the process to close the site and advertise the 34 hectare site for sale. The site will be excluded from any Cheetham Salt divestment transaction and Ridley is currently pursuing sale of the site which we believe will be achieved in FY13.

Wacol

In FY12, Ridley completed the sale and settlement of its Ridley AgriProducts (RAP) Supplements site at Wacol, Queensland for \$5.5 million, exclusive of

GST. Closure of the 1.83 hectare industrial site formed part of a broader operational restructure which included the purchase of the LNT business in Townsville and consolidation of that business into RAP's Townsville Supplements site. A moderate profit on divestment was recorded in the year after allowing for all associated costs.

Dandenong

During FY12, RAP starting planning for the closure of its mill site in Dandenong, Victoria, with all site operational activities to be relocated to a new facility currently under construction at its existing site in Pakenham. Transition between the sites will be completed by the end of calendar 2012, and Ridley has commenced a process to divest the land at Dandenong.

The 1.3 hectare Dandenong site was recently rezoned from 'Industrial' to a 'Comprehensive Development Zone (High Density Residential)'. The change of zoning of the site is part of local government's broader strategic plan to regenerate Dandenong's commercial hub and transform the city centre into a thriving activities district. Ridley is confident that a sale of the land can be achieved in FY13 which will deliver considerable uplift in value for shareholders.

OUR PEOPLE

At Ridley, people are vital to 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.



Anne-Marie Mooney – Group General Manager, Commercial

With 80% of our employees located within rural and remote communities across Australia, Ridley is 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, while respecting our relationships with our people and any representatives they may choose. These commitments not only meet all legal requirements, but also cultivate a highly motivated, productive and committed workforce that drives our business success. We actively promote diversity and equality in our workplace.

The key measures we use to assess safety performance are the lost time injury frequency rate (LTIFR) and the serious injury frequency rate (SIFR). The LTIFR is the number of injuries incurring lost time for every million hours worked, whilst 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 overall results for 2012 as reflected in the following table were as follows: the LTIFR was 4.46, down from the 2011 result of 6.6 and representing a 32% decrease in the rate of incidents that resulted in lost time to the business. The SIFR, which represents our total injury rate, slightly increased to 16.8 from 15.2, but still represents an improvement on previous years.

While there was a slight increase in injuries that required medical treatment, the overall safety performance continues to improve and we continue to remain focused on reducing injuries through the effective management of key hazards and risks in our workplaces. The long term target for all safety incidents is zero, however it is recognised that this can only be achieved through the development of a culture that is committed to continuous, progressive improvement in all aspects of safety. Over the past year we have made significant inroads to improving our approach to safety at all levels, and have conducted a review of our existing safety management system to ensure it is aligned to the new

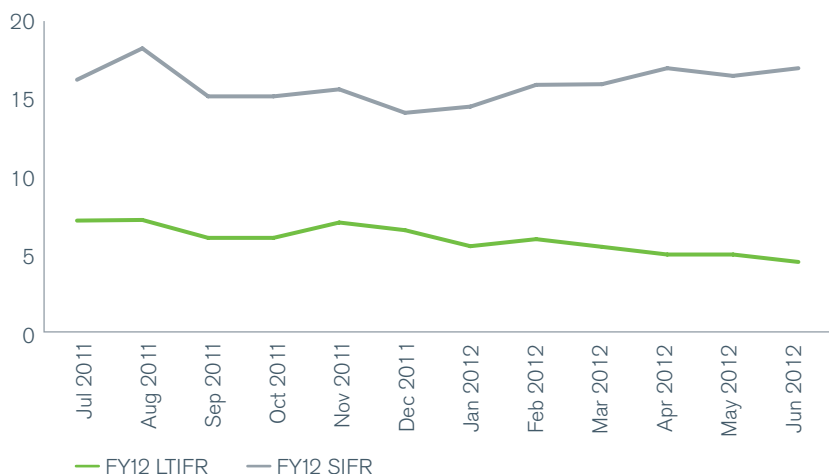
2012 highlights

- + 32% decrease in rate of lost time incidents
- + Embedding of proactive safety behaviours
- + Commitment to development of all employees
- + Learning and development strategy aligned to talent identification
- + Positive initiatives to promote workplace diversity

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.

Group injury frequency rates FY12





harmonised safety legislation. Our approach has been based on identifying the key risks that could result in the greatest harm within the workplace. Through the revision of key documentation and controls, there has also been a focus to ensure that all sites have taken the opportunity to refresh training of staff on site.

To support our focus on a proactive approach to safety, during FY12 we continued to measure our lead indicators to ensure that management remains focused on driving safety system improvements. Our lead indicators and performance against these were as follows:

- completion of safety training – 80% compared to 52% in FY11;
- completion of Good Manufacturing Practice (GMP) audits on a monthly basis at each site – 100% compared with 66% in FY11; and
- closure of priority actions identified during audits or as a result of incident investigations – 89% compared to 42% in FY11.

The above improvements are a very pleasing result for the business and demonstrate that with diligence, the inroads made to improving the safety management systems over the past 12 months have been effective. This work will continue during FY13.

Community

Ridley recognises that whilst generating a profit rewards shareholders, it also creates the ability to support social and environmental activities within the rural and regional communities where we operate. These activities can sustain business performance by improving efficiency and the wellbeing of the community in general, whilst strengthening the regional networks across Australia.

Operating in diverse communities across rural Australia, Ridley proudly supports Australian businesses, suppliers, and primary producers, allowing them to grow and develop. As one of the largest national employers in many rural regions, Ridley is committed to investing in the development of all our people and to building the skills base of the remote communities in which we operate.

Through Ridley AgriProducts and Cheetham Salt, Ridley makes significant financial contributions to select charities, schools, local sporting clubs and universities across Australia. These contributions support many worthwhile activities, and provide opportunities and education for a broad range of people in diverse regions.

In the 2012 Employee Opinion Survey, we asked our employees to indicate their preferences regarding Ridley's involvement with charities. The majority of our staff told us they would prefer Ridley to support charities that provided rural and/or regional support and/or those that were linked to improving health and wellbeing.

In FY13, Ridley has launched two new charity partnerships with the Garvan Institute and Aussie Helpers, which will be the main beneficiaries of charitable donations.

Our support for the Garvan Institute will involve an education program on health related issues that will be presented in country towns throughout Australia.

Our support for Aussie Helpers will involve Ridley supporting Aussie Helpers assist struggling farmers. The support will be a combination of a cash donation and, more importantly, volunteering by our staff to help local farmers.

Ridley is very excited about these new partnerships which will benefit our employees, suppliers, customers and the communities in which we operate.

People development

Our people development objectives are 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.

To deliver on these objectives Ridley has adopted the following strategies.

Talent identification and development

Ridley continues to deliver its Talent Development strategy, with the main objectives being:

- the identification of a talent pipeline of employees with the potential and capability to progress into key management positions in 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.

Throughout the year we continued to implement changes to roles through expanding responsibilities, promoting staff into more senior roles and offering the opportunity for employees to broaden their capability and experience by working on key projects.

Learning and development

In FY12, our Learning and Development strategy was further aligned to our Talent Identification strategy by focusing on leadership and management development. Throughout the year we invested in two new structured development programs predominantly targeted at our rising stars and site managers. These programs will continue to be implemented throughout FY13 to support the talent development objectives, and in addition we are introducing a job rotation program and a formal mentoring program, as well as providing further external networking opportunities.

We have also implemented an online learning management system, which enables the effective delivery of standardised training across the business, particularly in the areas of legal compliance, employee induction, safety and quality programs. This style of learning has been well received across the organisation, is an important part of the business strategy, and is an effective way of training a workforce that is so geographically dispersed.

Employee opinion survey

This year we conducted an Employee Opinion Survey across the entire Ridley business to seek feedback from our employees with regard to their level of satisfaction with the business. We had a 7% improvement in participation rate compared to the 2010 survey, which itself is a pleasing result.

The survey focused on 13 themes, and measured employee satisfaction across these themes. This year our staff rated the themes related to Safety, Pride and Commitment and Diversity the highest. This means that staff are generally satisfied with how Ridley manages its approach to safety and provides a safe workplace, that staff are proud to work for Ridley, feel that they are given equal opportunity, and that their views are valued and respected.

The areas for improvement centred around increasing the level of communication and consultation between managers and staff; communicating more effectively the vision and strategy of the Company; and broadening the opportunities for learning and development opportunities. In addition, there was a key theme relating to change and innovation, which is the focus of an exciting program to be implemented in FY13. This program will focus on gathering the ideas of employees throughout the organisation for improvements in the workplace, new product developments and generally any ideas that will make Ridley a more efficient and productive place to work. We look forward to being able to report positively on the program next year.

Employee/industrial relations

Improving the Industrial Relations environment at Ridley in 2012 continued to be a key priority through the implementation of the Fair Work legislation and the Award modernisation process. Industrial negotiations progressed well throughout the year to reach mutually agreeable terms and conditions for employees and Ridley alike. Throughout the year a number of Enterprise Agreements were negotiated with employees across Australia and duly lodged with and approved by Fair Work Australia.

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 they can achieve their maximum potential.

We respect diversity in our people, in their ideas, work styles and perspectives. Ridley believes that diversity contributes to its business success and aspires to employing a workforce reflective of the communities in which the Company operates.

The ASX's Corporate Governance Principles and Recommendations now require listed entities to formally comment on diversity measures, specifically gender diversity.

In 2011, the Ridley Board introduced a Diversity Policy to guide the Board and senior management in developing diversity objectives for Ridley on a national basis. The Diversity Policy is 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;
- flexible work practices;
- gender diversity; and
- employee consultation.

Ridley firmly believes that diversity is about recognising and valuing the contribution of people from different backgrounds, and with difference perspectives and experiences. Diversity includes, but is not limited to, gender, age, disability, ethnicity, religion and cultural background. In terms of the Ridley diversity strategy for FY12 and FY13 and the associated measurable objectives, the initial emphasis will be on gender diversity, with a primary goal being to strengthen the representation of women in senior management positions throughout Ridley.

To meet the objectives of the Diversity Policy, a strategy was developed which predominantly focuses on initiatives to improve Ridley's talent pipeline and provides greater opportunities for women to achieve their career aspirations. The diversity strategy incorporates Ridley's measurable objectives having regard to key metrics including:

- gender salary comparison by role level;
- 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 employee assessment;
- voluntary turnover by age and gender; and
- Employee Opinion Survey results by gender.

The Board and senior management team monitor progress and review the initiatives within the diversity strategy on at least an annual basis.

FY12 diversity initiatives

During FY12, the diversity initiatives included:

Pay equity

As part of its annual remuneration review process, Ridley generally undertakes a review of pay equity across the Company and takes appropriate steps to address any differentials. This process was conducted in FY12 whereby Ridley conducted a review of salaries for job groups to ensure that employees were fairly remunerated.

Development programs

Ridley continues to focus on a range of initiatives aimed at developing the talent pipeline and encouraging more women into senior management roles. These initiatives include the following:

- a national emerging leader program where six of the seven participants were female;
- a national leadership program for site managers, where one participant was female;
- the introduction of a formal mentoring program, where five of the nine mentees are female; and



- developing skills for networking, through regular attendance at networking events.

Parental leave and flexible work arrangements

During FY12, Ridley introduced a Paid Parental Leave Scheme to eligible employees to complement the Government Scheme. The Ridley scheme offers eight weeks paid leave for employees with greater than two years' service and 18 weeks to those with greater than five years' service. This scheme has helped secure an 86% return rate in relation to Parental Leave, with six of the seven employees who accessed Paid Maternity Leave entitlements returning to work.

A range of flexible work arrangements continues to be offered to our employees to assist them meet both their work and carer responsibilities, including job-sharing, phased return to full-time employment after completing Parental Leave, and working from home.

In FY12, four female employees continue to be on flexible work arrangements.

Recruitment

Throughout FY12, women represented 24% of all new hires within Ridley, with the highest proportion of appointments being made for Technical Specialist, Administration and Manufacturing roles. Ridley has continued to increase its representation of females in positions that have historically had low female representation.

Turnover

Employee turnover was 18% across the entire Ridley group. As a proportion of total employee turnover, 24% of those employees who voluntarily left our business were female, whilst 76% were male.

Within Ridley AgriProducts, female turnover was highest in the 25-34 year old demographic whilst turnover amongst males was highest between the ages of 35 and 44. For Cheetham Salt, turnover in the 25-34 year old demographic was highest for both genders, however male employees aged between 45 and 54 years also rated equally. Such turnover rates reflect the strong demand for labour in the mining sector that exists in the same regional areas in which we operate.

Employee Opinion Survey

The Ridley Employee Opinion Survey (EOS) was undertaken in early 2012, with an overall response rate achieved of 67.5%. Females constituted 22% of the sample size.

For the first time in an EOS, Ridley sought employee feedback on a range of workplace diversity issues, including perceptions on the extent:

- of any discrimination, harassment and bullying in the workplace;
- to which individual differences in background and interests are accepted and embraced within the organisation;
- of sufficient flexibility to enable employees to achieve an appropriate work/life balance; and
- to which equal opportunity exists for promotion and career progression.

Of the 13 themes addressed in the EOS, diversity rated as the third highest theme by staff. This response indicates our employees' high satisfaction with Ridley's approach to diversity within the workplace.

Ridley has utilised the feedback received to further refine its Diversity Policy, and in particular, to implement initiatives aimed at increasing female participation at more senior levels of the business.

Whilst increased gender diversity is a current priority for our business, Ridley will continue to monitor feedback from multiple demographic groups to ensure that all views are well captured and understood by the business.

Female participation

The following table outlines the female representation within Ridley as at 30 June 2012.

Female Representation Across	%
The Ridley Group	20
The Ridley Board	17
Ridley senior executives	33
Ridley senior managers	6

FY13 diversity initiatives and measurable objectives

In FY13, Ridley will continue to implement the initiatives to develop its talent pipeline to create opportunities for employees to reach their career aspirations. The focus for FY13 remains on:

- improving learning and development to provide a greater opportunity for career development;
- recruitment and selection to ensure candidates are recruited based on their suitability for the role;
- providing flexibility within the workplace to facilitate a greater proportion of employees returning to work; and
- providing all employees the opportunity to give the Company feedback on improvements to workforce diversity on all levels.

The Diversity Policy incorporates Ridley's measurable objectives having regard to key metrics, performance against which will continue to be reported throughout FY13.

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 report annually. As in prior years, Ridley will again submit a compliant NGER report for 2012.

Ridley is also required to report its energy usage under the Energy Efficiency Opportunities Act 2006 (Cth). This legislation requires any company that reached the prescribed 0.5PJ total energy usage threshold to conduct assessments to identify potential opportunities to reduce energy use and to then monitor and report not only on those opportunities, but also any new opportunities identified within the context of that company's total energy usage. Energy use across the business includes electricity, Liquid Petroleum Gas (LPG), natural gas and diesel.

Over the past 12 months, a number of minor initiatives were implemented that resulted in improvements and hence a reduction in energy usage. During FY13 there will be a more structured approach adopted to drive energy efficiency improvements throughout Ridley, focusing largely on three main areas, namely: improving the efficiency of boilers, pellet presses and compressors. Progress on these projects will be reported in next year's Annual Report.

Water

We continue to look for opportunities to reduce our water usage. As detailed in the 2011 Ridley Annual Report, both Australian businesses have implemented water management plans at some of their key sites and have identified a number of solutions to reduce water consumption at the mills and refineries.

Reducing the usage of potable water has been the focus for most sites, and all sites are now monitoring and tracking their water consumption. Initiatives being used or investigated include the collection, treatment and use/reuse of rainwater, stormwater run-off and boiler blowdown, particularly given that a significant amount of water is used through 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 each management team has demonstrated a real commitment to the recycling program. Ridley continues to be a signatory of the Australian Packaging Covenant and submitted a compliant plan for 2012.

Flora and fauna issues

Salt fields provide important ecosystems for a variety of flora and fauna, and 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 which is 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 salt field sites are listed as sites of International Significance for Shorebirds. 208 species of birds have been recorded at Dry Creek, together with a total recorded faunal biodiversity of 375. There are seven shorebirds listed as having international significance and three others having national significance. From a fauna perspective, 361 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.



**SALT FIELDS
PROVIDE IMPORTANT
ECOSYSTEMS
FOR A VARIETY
OF FLORA AND
FAUNA**

BOARD OF DIRECTORS



John M Spark
BComm FCA

Chair and Independent Non-Executive Director

Appointed a Director in January 2008 and Ridley Chair on 22 November 2010, John is a Director of Newcrest Mining Limited. 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 Limited and Baxter Group Limited. John 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 Limited and an Independent Director of Newcrest Mining and Oil Search Limited. Rick is also Chairman of the Australian Institute of Company Directors, and 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; and Oil Search Ltd from May 2012.

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 Limited 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 Pty Limited and Perpetual Superannuation Limited. 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

None.

Former listed company directorships in the last three years

None.



**Associate Professor
Andrew L Vizard**
BVMSc (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. Andrew is currently a board member of Animal Health Australia, Parks Victoria 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 Limited, Pig Improvement Company Australia Pty 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 LL.B (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 Limited from 1989; Premier Investments Limited from 1994; Tag Pacific Limited from 1988; Mercantile Investment Company Limited from 2012; and Pro-Pac Packaging Limited from 2012.

*Former listed company
directorships in the last
three years*

Westfield Holdings Ltd (Group) from 2004 to May 2010. 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 both a Remuneration Committee and a Nominations Committee, each with at least three Non-Executive Director members. The Company has a Remuneration Committee which the Board considers, given the size of the Board, is more appropriate to comprise of two, rather than three, Non-Executive Directors. Nominations issues are addressed by the full Board.

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, a Remuneration Committee (formerly the Remuneration and Nomination Committee) and a Ridley Innovation and Operational 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 and risk management framework 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 Weiss ceased his association with the entity responsible for his nomination to the Board effective from 30 April 2011, at which time the Board assessed the relevant circumstances and considered 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 limit of \$700,000 approved by the shareholders at the Annual General Meeting (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 AGM in 2003. 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 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 on occasion 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 management 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 Committee

During the year certain of the responsibilities of the former Remuneration and Nomination Committee were deemed by the Board to be matters more appropriately addressed by the Board. Consequently, the Remuneration and Nomination Committee was renamed the Remuneration Committee, its charter amended, and the Ridley Board Charter extended to cover the Board appointment and composition issues envisaged by the Recommendations as being covered by a Nominations Committee. The role of the Remuneration 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 arrangements.

With the restructuring of the Remuneration Committee, the Board has assumed responsibility for evaluating Board performance, reviewing Board size and composition, assessing the necessary and desirable competencies of Directors, reviewing Board succession plans, senior management succession plans and candidates to fill vacancies. The Board is responsible for reviewing the performance of the Chair.

The Remuneration 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 Committee throughout the year unless otherwise stated were:

- J M Spark, Independent Director and Remuneration Committee Chair
- R J Lee, Independent Director

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

Audit and Risk Committee

Board policy states that the Audit and Risk 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.

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 Ridley Annual General Meeting and is available to answer any relevant shareholder questions. The Company requires that 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 oversight of 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 auditors at least four times a year. In addition, the Committee meets with the internal auditors without the presence of management.

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, Independent Director
- AL Vizard, Independent Director

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

Ridley Innovation and Operational Committee

This Committee changed its name to the Ridley Innovation and Operational Committee (RIOC) in the prior year 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 Audit and Risk Committee.

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
- RJ van Barneveld, Independent Director
- JM Spark, Independent Director

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

CSL Divestment Committee

Following the announcement on 22 February 2012 that transaction opportunities for Cheetham Salt Limited (CSL) were being pursued with the objective of unlocking the underlying value of its assets, the Board established a CSL Divestment Committee comprising J Spark (Chair), J Murray (Managing Director), R Lee and G Weiss. The first meeting of the Committee was held on 16 March 2012 and regular meetings scheduled thereafter, with management, financial and legal advisor attendance by invitation as required.

Risk management

The Company has in place a Strategic Risk Management Framework, a summary of which is available on the Ridley website at www.ridley.com.au

In addition, there are a number of other arrangements in place to identify and manage risks that could have a material impact on the Company's business, including 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.

On 1 March 2012, a quarterly certification process was introduced whereby management is required to report to the Board that material business risks are being managed effectively. At year end and without exception, the Board received such certifications, together with assurance from the Managing Director and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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 Environment Review on pages 29 and 30.

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 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 People section of this Annual Report.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

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 2012.

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:

JM Spark
 RJ Lee
 J Murray
 PM Mann
 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

	2012 \$'000	2011 \$'000
Profit before income tax	26,355	30,240
Income tax expense	(7,102)	(924)
Net profit attributable to members of Ridley Corporation Limited	19,253	29,316

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:

	2012 \$'000	2011 \$'000
Final dividend for the year ended 30 June 2011 of 3.75 cents (2011: 3.75 cents) per share paid on 30 September 2011	11,543	11,543
Interim dividend for the year ended 30 June 2012 of 3.75 cents (2011: 3.75 cents) per share paid on 31 March 2012	11,543	11,543
	23,086	23,086

In addition to the above, Directors have declared a final dividend of 3.75 cents per share (franked) totalling \$11,543,140 to be paid on 28 September 2012, the financial effect of which has not been brought to account in the financial statements for the year ended 30 June 2012 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 2012.

9. Directors' and executives' remuneration

Refer to the Remuneration Report on pages 47 and 48.

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)	7,443,000	Various
Ridley Employee Share Scheme (options)*	3,225,728	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 as follows:

	Board		Audit and Risk Committee		Remuneration Committee ¹		Ridley Innovation and Operational Committee		CSL Divestment Committee ²	
	H	A	H	A	H	A	H	A	H	A
Directors										
RJ Lee	10	10	4	4	6	6	-	-	6	3
PM Mann	10	10	4	4	-	-	-	-	-	-
J Murray	10	10	-	-	-	-	3	3	6	6
JM Spark	10	10	-	-	6	6	3	3	6	6
AL Vizard	10	10	4	4	-	-	3	3	-	-
RJ van Barneveld	10	10	-	-	-	-	3	3	-	-
GH Weiss	10	7	4	3	-	-	-	-	6	4

H. Number of meetings held during period of office.

A. Number of meetings attended.

1. Formerly the Remuneration and Nomination Committee.

2. Specifically constituted to manage the Cheetham Salt sale process.

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

Ridley is continuing with its assessment of a potential divestment of the Cheetham Salt business to unlock shareholder value, and a select number of parties have been invited to proceed to due diligence under Stage 2 of the confidential divestment process.

No decision has been made at the present time by Ridley with regard to the sale of Cheetham Salt and a decision is not expected to occur until the parties complete their due diligence investigations and submit a binding offer for consideration by the Ridley Board. For the transaction to proceed to execution, the Ridley Board requires a suitably attractive offer which recognises the intrinsic value of Cheetham Salt and is otherwise in the best interests of Ridley.

No other matters or circumstances have arisen since 30 June 2012 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.
- 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 non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	\$
Tax services	162,330
Due diligence services	323,525
Other services	5,000
Total	490,855

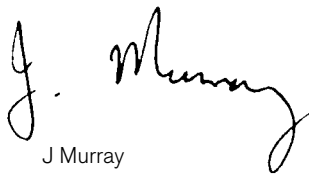
17. Rounding of amounts to nearest thousand dollars

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 22 August 2012 in accordance with a resolution of the Directors.



JM Spark
Director



J Murray
Director

REMUNERATION REPORT – AUDITED

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 2012. This report forms part of the Directors' Report for the year ended 30 June 2012.

Remuneration Committee

The Remuneration Committee (the Committee), formerly the Remuneration and Nomination 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 was formerly responsible for evaluating the Board's performance, reviewing Board size and composition and setting the criteria for membership and candidates to fill vacancies, however these responsibilities have reverted to the Ridley Board.

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, to provide long term incentives to align the interests of executives more closely with those of Ridley shareholders, and to reward sustained superior performance, 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 Committee has regard for the following indices in respect of the current financial year and the previous four financial years.

		2012	2011	2010	2009	2008
Profit attributable to owners of Ridley Corporation Ltd	\$'000	19,253	29,316	29,093	(39,533)	10,505
Dividends paid	\$'000	23,086	23,086	21,546	21,075	20,586
Change in share price	\$	(0.21)	0.08	0.37	(0.39)	-
Return on shareholders' funds before significant items	%	6.6	10.2	10.4	6.8	4.2
Short term incentive to KMP	\$'000	158	497	920	815	1,194

Non-Executive Directors

Directors' fees

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

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.

Services from remuneration consultants

The Committee engaged Godfrey Remuneration Group (Godfrey) on 23 August 2011 for a period of one year as a remuneration consultant to the Board. Godfrey was engaged to provide remuneration recommendations relating to key management personnel (KMP) of the Group and its subsidiaries and to provide advice outlining retention strategies for key senior managers in the event of a change in control event for the Group and provide recommendations in relation thereto.

Godfrey was paid \$27,720 for the remuneration recommendations in respect of reviewing the amount and elements of the KMP remuneration.

The engagement of Godfrey by the Committee was based on a documented set of protocols that would be followed by Godfrey, members of the Committee and KMP for the way in which the remuneration recommendations would be developed by Godfrey and provided to the Board and the Committee.

The Board is satisfied that the remuneration recommendations were made by Godfrey free from undue influence by KMP about whom the recommendations may relate. The Board instructed Godfrey to provide recommendations only to the Board and the Committee and correspondence through the Chairman. The Board communicated processes and procedures to be followed by Godfrey during the course of its assignment and is satisfied that its remuneration recommendations were made free from undue influence.

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 provides benefits on a defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement. The Group also has a legacy defined benefit plan with nine members remaining.

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 2012, 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. The Group financial performance component hurdle for the year was not met and the Board has exercised its discretion to award a proportion of the personal performance component only. The Board chose, with the full consent of the CEO, not to exercise its discretion with regard to any STI award to the CEO.

Long term incentives

In the year ended 30 June 2012, 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, foster loyalty and staff retention.

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 (Right). 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 2012, 2,400,000 (2011: 2,793,000) Rights were issued under the Long Term Incentive Plan, of which 1,700,000 (2011: 1,643,000) were granted as remuneration to KMP.

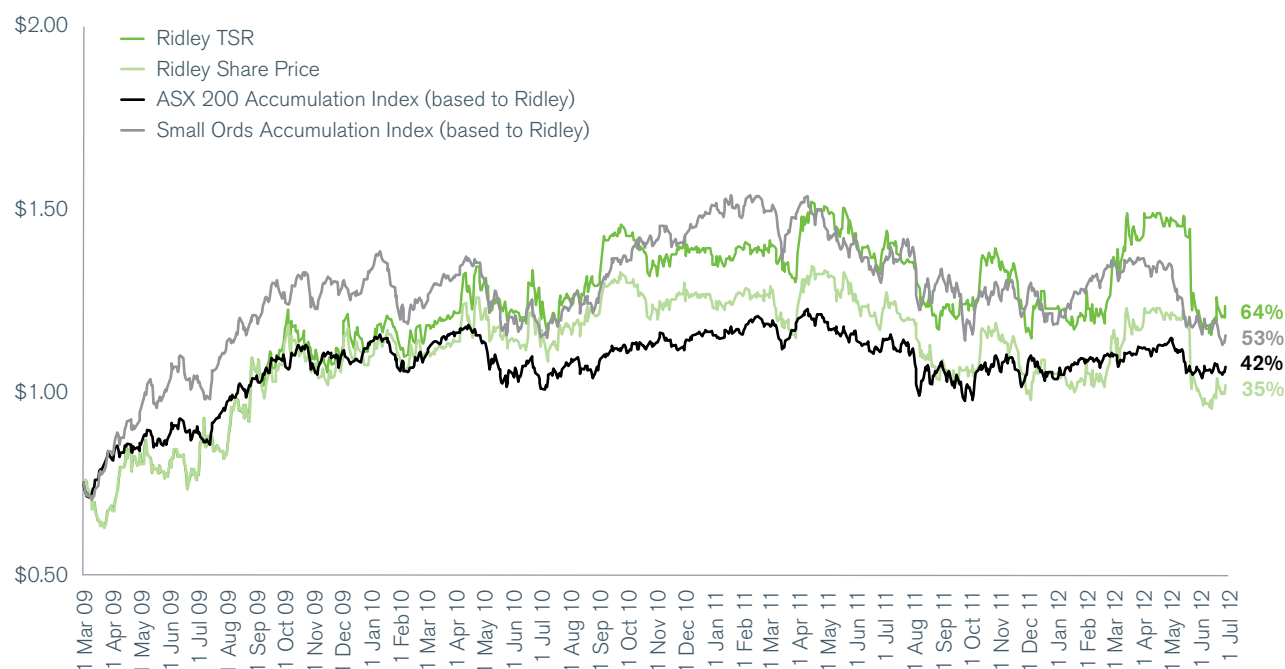
Summary of Ridley TSR performance

The following table provides a summary of Ridley TSR performance for each tranche of the Long Term Incentive Plan Rights on issue at year end measured against the median percentage rankings amongst competitors and using 30 June 2012 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.

Start Date	TSR Ridley	Median TSR Comparison	Percentile	Number of Rights on Issue	Hypothetically Vested at 30 June 12	Hypothetically Vested at 30 June 12
5 December 2009	11.3%	-22.3%	70.1	300,000	269,400	89.8%
5 December 2010	-11.0%	-17.4%	54.9	2,493,000	1,448,433	58.1%
5 December 2011	-6.5%	-8.2%	52.6	2,350,000	1,252,550	53.3%

Current long term incentive plans (continued)

Comparison of growth of Ridley Corporation Ltd share price to the ASX Small Ords 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. 540,858 (2011: 542,880) shares were issued under the Scheme during the year. The total market value of the shares issued which were purchased on-market was \$660,000 (2011: \$712,000).

Ridley Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan was introduced in May 2012, developed specifically to retain and motivate key executives for a period covering and extending beyond the current Cheetham Salt divestment process. Under the Special Retention Plan, selected executives and the Managing Director may be offered a number of performance rights (Right). The Plan offer is made in accordance with the rules of the Ridley Long Term Incentive Plan except that there are no disposal restrictions and the cessation of employment has been superseded, such that the Rights under this offer vest in full on the earlier occurrence of either completion of two years of service from the date of grant; ceasing to be an employee of Ridley because of a sale of a subsidiary entity; and occurrence of a change of control event. Each Right provides the entitlement to acquire one Ridley share at the end of the service period. During the year ended 30 June 2012, 2,300,000 (2011: Nil) Rights were issued under the Special Retention Plan, of which 1,550,000 (2011: Nil) were granted as remuneration to KMP.

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 2011	Long Term Incentive Plan	5 December 2014	2,400,000	\$0.21
5 May 2012	Special Retention Plan	5 May 2014	2,300,000	\$1.08

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
Directors	
JM Spark	Chairman
RJ Lee	Deputy Chairman
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
C 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

Resigned 1 July 2012

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 2012 and 2011 only include remuneration relating to the portion of the relevant periods that each individual was considered a KMP.

All values are in Australian dollars unless otherwise stated.

2012	Short Term Benefits		Post-Employment Benefits	Other	Share-Based Payments	Total	%	%
	Directors' Fees and Cash Salary	STI	Super-annuation	Termination	Performance Rights/Options			
Name	\$	\$	\$	\$	\$	\$	% ¹	% ²
Directors								
J M Spark – Chairman	159,091	-	15,909	-	-	175,000	-	-
RJ Lee	106,422	-	9,578	-	-	116,000	-	-
J Murray – Managing Director [^]	625,500	-	50,000	-	209,243	884,743	24%	24%
PM Mann	86,364	-	8,636	-	-	95,000	-	-
AL Vizard	86,364	-	8,636	-	-	95,000	-	-
RJ van Barneveld	77,273	-	7,727	-	-	85,000	-	-
GH Weiss	77,273	-	7,727	-	-	85,000	-	-
Total Directors	1,218,287	-	108,213	-	209,243	1,535,743		
Executives								
AM Boyd	355,909	26,268	35,591	-	87,646	505,414	17%	23%
PJ Weaver ³	361,850	70,000	25,000	297,109	66,604	820,563	8%	17%
AL Speed	344,725	22,538	15,775	-	84,604	467,642	18%	23%
CW Klem	237,325	10,982	29,508	-	40,063	317,878	13%	16%
AM Mooney	215,379	11,391	22,558	-	56,708	306,036	19%	22%
RN Lyons	261,565	10,643	26,156	-	54,458	352,822	15%	18%
S Butler	191,800	6,152	21,700	-	37,813	257,465	15%	17%
Total executives	1,968,553	157,974	176,288	297,109	427,896	3,027,820		
Total	3,186,840	157,974	284,501	297,109	637,139	4,563,563		

1. Percentage remuneration consisting of performance rights/options.

2. Percentage remuneration performance related.

3. Resigned 1 July 2012.

[^] Performance rights/options as approved by shareholders at 2011 AGM.

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

REMUNERATION REPORT – AUDITED CONTINUED

2011	Short Term Benefits			Post-Employment Benefits		Share-Based Payments		Total	% ³	% ⁶
	Directors' Fees and Cash Salary	STI	Other Benefits	Super-annuation	Retirement ⁵	Performance Rights/Options	\$			
Name	\$	\$	\$	\$	\$	\$	\$			
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%	34%	
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%	26%	
PJ Weaver	346,995	58,323	-	28,355	-	51,023	484,696	11%	23%	
AL Speed	324,801	52,780	-	15,199	-	51,023	443,803	11%	23%	
CW Klem	235,227	31,500	-	23,523	-	12,995	303,245	4%	15%	
AM Mooney	83,712	10,200	-	9,595	-	39,162	142,669	27%	35%	
RN Lyons	254,019	33,163	-	25,402	-	39,162	351,746	11%	21%	
S Butler	183,410	25,200	-	17,790	-	12,995	239,395	5%	16%	
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.

6. Percentage remuneration performance related.

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;
- 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 12 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 %	2012 Paid %	2012 Forfeited %	2011 Paid %	2011 Forfeited %
J Murray	100	0	100	32	68
AM Boyd	50	7	43	20	30
PJ Weaver	50	19	31	15	35
AL Speed	50	6	44	15	35
CW Klem	30	4	26	12	18
AM Mooney	30	4	26	12	18
RN Lyons	30	4	26	12	18
S Butler	30	3	27	12	18

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 2011	Granted ¹	Exercised/ Vested	Lapsed/ Forfeited	Balance at 30 June 2012 ²	Date Exercised
Directors						
J Murray ³	643,000	1,200,000	-	-	1,843,000	-
Key management personnel						
AM Boyd	425,000	400,000	(220,500)	(4,500)	600,000	1 May 2012
PJ Weaver	350,000	200,000	(52,500)	(22,500)	475,000	5 December 2011
AL Speed	350,000	400,000	(52,500)	(22,500)	675,000	5 December 2011
CW Klem	100,000	275,000	-	-	375,000	-
AM Mooney	250,000	275,000	(52,500)	(22,500)	450,000	5 December 2011
RN Lyons	250,000	250,000	(52,500)	(22,500)	425,000	5 December 2011
S Butler	100,000	250,000	-	-	350,000	-
Total issued to Directors and key management personnel	2,468,000	3,250,000	(430,500)	(94,500)	5,193,000	-

1. Performance rights granted on 5 December 2011 and 5 May 2012.

2. Performance rights are due to vest between December 2012 through to December 2014.

3. 600,000 of performance rights granted to J Murray on 5 May 2012 are subject to AGM approval.

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 2012 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

A handwritten signature in black ink, appearing to be 'BW Szentirmay', with a long horizontal line extending to the right.

BW Szentirmay
Partner

Melbourne
22 August 2012

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Revenue from continuing operations	2	734,695	723,702
Cost of sales		(660,192)	(648,826)
Gross profit		74,503	74,876
Finance income		202	177
Other income	3	1,674	1,241
Expenses from continuing operations			
Selling and distribution		(12,997)	(13,222)
General and administrative		(32,436)	(29,346)
Finance costs	4	(9,529)	(9,902)
Transaction costs	4	(1,902)	(640)
Share of net profits from equity accounted investments	33	6,840	7,056
Profit from continuing operations before income tax expense		26,355	30,240
Income tax expense	6	(7,102)	(924)
Net profit after tax attributable to members of Ridley Corporation Limited		19,253	29,316
Earnings per share			
Basic earnings per share	29	6.3c	9.5c
Diluted earnings per share	29	6.3c	9.5c

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 2012

	Note	2012 \$'000	2011 \$'000
Net profit after tax attributable to members of Ridley Corporation Limited		19,253	29,316
Other comprehensive income			
Actuarial gain/(loss) on defined benefit superannuation	24	(377)	(243)
Income tax		113	73
Revaluation of land and buildings	16	4,412	-
Income tax		(1,123)	-
Deferred tax on disposal of land and buildings	16	471	-
Changes in the fair value of cash flow hedges	16	-	1,236
Income tax		-	(371)
Exchange differences on translation of foreign operations	16	(345)	(714)
Other comprehensive income for the year, net of tax		3,151	(19)
Total comprehensive income for the year		22,404	29,297
Total comprehensive income for the year is attributable to:			
Ridley Corporation Limited		22,404	29,297

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

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Current assets			
Cash and cash equivalents		7,228	13,247
Receivables	8	84,259	88,969
Inventories	9	79,723	91,533
Assets held for sale	5	4,017	-
Tax receivable	12	1,588	-
Total current assets		176,815	193,749
Non-current assets			
Investments accounted for using the equity method	33	52,521	52,486
Property, plant and equipment	10	239,033	233,383
Intangible assets	11	44,771	44,416
Inventories	9	3,575	-
Total non-current assets		339,900	330,285
Total assets		516,715	524,034
Current liabilities			
Payables	13	95,266	92,695
Borrowings	28	40,712	1,932
Tax liabilities	12	1,035	1,551
Provisions	14	10,005	14,267
Derivative financial instruments	17	-	8
Total current liabilities		147,018	110,453
Non-current liabilities			
Borrowings	28	64,667	113,454
Deferred tax liabilities	12	12,535	7,835
Provisions	14	1,396	1,050
Retirement benefit obligations	24	616	272
Total non-current liabilities		79,214	122,611
Total liabilities		226,232	233,064
Net assets		290,483	290,970
Equity			
Share capital	15	237,531	237,531
Reserves	16	37,484	36,294
Retained earnings	16	15,468	17,145
Total equity		290,483	290,970

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 2012

	Share Capital	Revaluation Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	Note 15 \$'000	Note 16 \$'000	Note 16 \$'000	Note 16 \$'000	Note 16 \$'000	\$'000
Balance at 1 July 2011	237,531	37,263	(44)	(925)	17,145	290,970
Profit for the year	-	-	-	-	19,253	19,253
Other comprehensive income						
Revaluation of land and buildings, net of tax	-	3,289	-	-	-	3,289
Actuarial gain/(loss) on defined benefit superannuation net of tax	-	-	-	-	(264)	(264)
Deferred tax on disposal of land and buildings	-	471	-	-	-	471
Exchange differences on translation of foreign operations	-	-	-	(345)	-	(345)
Total other comprehensive income for the year	-	3,760	-	(345)	(264)	3,151
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(23,086)	(23,086)
Share based payment transactions	-	-	715	-	(520)	195
Total transactions with owners recorded directly in equity	-	-	715	-	(23,606)	(22,891)
Transfers between equity components	-	(2,940)	-	-	2,940	-
Balance at 30 June 2012	237,531	38,083	671	(1,270)	15,468	290,483

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

FOR THE YEAR ENDED 30 JUNE 2012

	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 period	-	-	-	-	-	29,316	29,316
Other comprehensive income							
Actuarial gain/(loss) on defined benefit superannuation net of tax	-	-	-	-	-	(170)	(170)
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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		839,761	812,159
Payments to suppliers and employees		(782,549)	(769,634)
Dividends received		6,805	4,944
Interest received		202	177
Other income received		741	1,241
Interest and other costs of finance paid		(9,126)	(9,283)
Income taxes paid		(4,938)	(4,132)
Net cash inflow/(outflow) from operating activities	26	50,896	35,472
Cash flows from investing activities			
Acquisition of controlled entities and business operations, net of cash acquired	34	(6,871)	(32,706)
Payments for property, plant and equipment		(22,422)	(12,099)
Payments for intangibles		(1,144)	(990)
Proceeds from sale of joint venture operation, net of cash disposed		-	4,367
Proceeds from sale of non-current assets		7,876	127
Net cash inflow/(outflow) from investing activities		(22,561)	(41,301)
Cash flows from financing activities			
Share based payment transactions		(1,476)	(1,709)
Proceeds from borrowings		-	121,640
Repayment of borrowings		(10,007)	(85,000)
Dividends paid		(22,871)	(22,861)
Net cash inflow/(outflow) from financing activities		(34,354)	12,070
Net increase/(decrease) in cash held		(6,019)	6,241
Cash at the beginning of the financial year		13,247	7,006
Cash at the end of the financial year		7,228	13,247
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 2012 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 Group is a for-profit entity and primarily is involved in the manufacture of animal nutrition solutions and solar salt.

The Financial Report was authorised for issue by the Directors on 22 August 2012.

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;
- land and buildings and salt fields, which are measured at fair value; and
- 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.

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 fields 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 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 Managing Director, 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 Managing Director 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 Managing Director 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 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.

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.

(iii) Other

The other intangible asset represents acquired contractual legal rights and has a finite useful life which is amortised over five years, the period of the contractual legal rights. 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 and Special Retention 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 uncollectible 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 uncollectible 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 value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair values are based on fair market value based on In Use Value.

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. The value of an operating business earning a fair rate of return is usually determined with regard to both asset values and the consistency and quality of earnings. The external, independent valuer believes that the Discounted Cash Flow (DCF) methodology is the most appropriate primary methodology to assess the fair value of the salt fields on the basis that medium term budgets are available and the utilisation of such a methodology would not be uncommon for an asset of this nature. The DCF method calculates the net present value, at the valuation date, of the future net cash flows the business is expected to produce. The valuer has assessed the discount rate to be in a range between 9.5% to 12.5% and a 2.5% nominal growth rate to perpetuity.

Derivative financial instruments

The fair value of forward exchange contracts is 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

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The adoption of the revised AASB 124 Related Party Disclosures and AASB1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project did not result in any significant changes.

The following standards, amendments and interpretations are effective for annual periods beginning after 1 July 2012 and have been identified as those which may impact the entity in the period of initial application. They have not been applied in preparing this consolidated 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.

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.

AASB 13 Fair value measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB13

The Group will apply the amended standard from 1 July 2013. The amendment introduces a framework for the application of the fair value measurement technique.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

The Group will apply the amended standard from 1 July 2012. The amendment makes a number of changes to the presentation of the statement of comprehensive income.

	2012 \$'000	2011 \$'000
Note 2. Revenue		
Revenue from continuing operations		
Sale of goods	734,695	723,702

Note 3. Other income

Other income from continuing operations		
Profit on sale of property, plant and equipment	625	-
Profit on sale of businesses and joint venture operation	308	439
Foreign exchange gains – net	19	190
Rent received	28	69
Other	694	543
	1,674	1,241

Note 4. Expenses

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

Depreciation and amortisation		
Buildings	1,000	988
Plant and equipment	11,106	11,178
Software	2,199	2,088
Other Intangible	99	-
	14,404	14,254
Finance costs		
Interest expense	9,476	9,463
Amortisation of borrowing costs	216	439
Capitalisation of borrowing costs	(163)	-
	9,529	9,902
Bad and doubtful debt expense – net	384	380
Employee benefits expense	73,767	72,930
Operating lease expense	4,520	4,725
Loss on disposal of property, plant and equipment	-	30
Transaction costs		
Legal, professional and valuation services ^(a)	1,902	640

(a) The Group incurred acquisition related costs of \$0.4 million and divestment related preparatory costs of \$1.5 million relating to external legal fees and vendor due diligence costs. These legal fees and due diligence costs have been included as transaction costs expensed in the Group's consolidated income statement for the year ended 30 June 2012.

Note 5. Assets held for sale

Assets held for sale	4,017	-
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The Group has classified \$4,017,000 of assets as held for sale relating to the proposed sale of the Ridley AgriProducts site at Dandenong and the Cheetham Salt site at Bowen. This is following management's commitment to sell these sites. The sale process for these sites commenced in the financial year and is expected to be completed within the next 12 months.

	2012 \$'000	2011 \$'000
Note 6. Income tax expense		
(a) Income tax expense		
Current tax	2,339	3,421
Deferred tax	4,161	3,669
Under/(over) provided in prior years	602	(6,166)
Aggregate income tax expense	7,102	924
Income tax expense is attributable to:		
Profit from continuing operations	7,102	924
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 12)	473	351
Increase/(decrease) in deferred tax liabilities (note 12)	3,688	3,318
	4,161	3,669
(b) Reconciliation of income tax expense and pre-tax accounting profit		
Profit before income tax expense	26,355	30,240
Income tax using the Group's tax rate of 30%	7,907	9,072
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit of equity accounted investments	(2,039)	(2,107)
Share based payments	39	(132)
Non-deductible expenses	165	415
Non-deductible transaction costs	417	-
Under/(over) provision in prior year	602	(6,166)
Research and development allowance	(250)	(110)
Difference in overseas tax rates	130	-
Other	131	(48)
Income tax expense	7,102	924
(c) Income tax recognised directly in equity		
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	539	298

Note 7. Dividends

Dividends paid during the year

				2012 \$'000
Year ended 30 June 2012		Dividend paid	Per share	
Final dividend	Unfranked	30 September 2011	3.75 cents	11,543
Interim dividend	Fully Franked	31 March 2012	3.75 cents	11,543
Total dividends				23,086
				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

	2012 \$'000	2011 \$'000
Paid in cash	22,871	22,861
Non-cash dividends paid on employee in-substance options	215	225
	23,086	23,086

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, fully franked (2011: 3.75 cents unfranked) per fully paid share payable on 28 September 2012 (2011: 30 September 2011). The aggregate amount of the proposed dividend expected to be paid but not recognised as a liability at year end:

11,543	11,543
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Dividend franking account

Amount of franking credits available to shareholders of Ridley Corporation Limited for subsequent financial years

6,956	5,877
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Note 8. Receivables

Current

Trade debtors	81,103	86,234
Less: Allowance for doubtful debts ^(a)	(252)	(381)
	80,851	85,853
Prepayments	3,029	2,856
Other debtors	379	260
	84,259	88,969

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

At 1 July	381	601
Provision for impairment recognised during the year	255	160
Receivables written off during the year	(384)	(380)
At 30 June	252	381

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 2012, the nominal value of trade receivables impaired is \$216,000 (2011: \$595,000). 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.

Ageing analysis

As at 30 June 2012, trade receivables of \$5,237,000 (2011: \$6,088,000) 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 shown as follows.

Note 8. Receivables continued

	2012 \$'000	2011 \$'000
Past due by 0-30 days	3,692	4,510
Past due by 30-60 days	386	640
Past due by 60-90 days	390	205
Past due by 90 days +	769	733
	5,237	6,088

Note 9. Inventories

Current

Raw materials and stores – at cost	44,029	49,829
Raw materials and stores – at net realisable value	-	478
Work in progress – at cost	11,449	14,709
Finished goods – at cost	24,245	26,517
	79,723	91,533

Non-Current

Work in progress – at cost ^(a)	3,575	-
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Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2012 amounted to nil (2011: nil).

(a) Work in progress of salt that is unlikely to be processed within 12 months of the balance sheet date.

	2012 \$'000	2011 \$'000
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Note 10. Property, plant and equipment

Non-Current

Land and buildings

At fair value	60,044	59,094
Less: Accumulated depreciation	(3,695)	(2,731)
Total land and buildings	56,349	56,363

Salt fields

Total salt fields at fair value	97,697	98,812
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Plant and equipment

At cost	186,167	183,230
Under construction	16,578	10,564
Total cost	202,745	193,794
Less: Accumulated depreciation	(117,758)	(115,586)
Total plant and equipment	84,987	78,208

Total property, plant and equipment	239,033	233,383
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Basis of valuation

The basis of valuation of land and buildings and salt fields is fair value. The valuations made by the Directors are based on the last independent valuation at 30 June 2012 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 2012 capitalised borrowing costs related to the construction of property, plant and equipment amounted to \$163,000 (2011: nil) with a capitalisation rate of 7% (2011: nil).

	Land and Buildings \$'000	Plant and Equipment \$'000	Salt Fields \$'000	Total \$'000
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
Year ended 30 June 2012				
At 1 July 2011				
Cost or fair value	59,094	193,794	98,812	351,700
Accumulated depreciation	(2,731)	(115,586)	-	(118,317)
Carrying amount at 1 July 2011	56,363	78,208	98,812	233,383
Additions	1,474	20,947	-	22,421
Acquisitions of businesses	-	368	-	368
Disposals	(5,034)	(200)	-	(5,234)
Revaluation	4,412	-	-	4,412
Transfer to Assets held for sale	(1,802)	(1,558)	(657)	(4,017)
Foreign currency exchange differences	(249)	55	-	(194)
Transfers	2,185	(1,727)	(458)	-
Depreciation	(1,000)	(11,106)	-	(12,106)
Carrying amount at 30 June 2012	56,349	84,987	97,697	239,033
At 30 June 2012				
Cost or fair value	60,044	202,745	97,697	360,486
Accumulated depreciation	(3,695)	(117,758)	-	(121,453)
Carrying amount at 30 June 2012	56,349	84,987	97,697	239,033

Note 11. Intangible assets

	Software \$'000	Goodwill \$'000	Other \$'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	-	51,176
Accumulated amortisation/(impairment losses)	(5,807)	(953)	-	(6,760)
Carrying amount at 30 June 2011	13,132	31,284	-	44,416

Note 11. Intangible assets continued

	Software \$'000	Goodwill \$'000	Other \$'000	Total \$'000
Year ended 30 June 2012				
Carrying amount at 1 July 2011	13,132	31,284	-	44,416
Additions	1,144	-	-	1,144
Acquisition of businesses	-	908	850	1,758
Amortisation charge	(2,199)	-	(99)	(2,298)
Disposals	(249)	-	-	(249)
Closing balance at 30 June 2012	11,828	32,192	751	44,771
At 30 June 2012				
Cost	19,834	33,145	850	53,829
Accumulated amortisation/(impairment losses)	(8,006)	(953)	(99)	(9,058)
Carrying amount at 30 June 2012	11,828	32,192	751	44,771

The amortisation charge is included in general and administrative costs in the income statement.

Impairment testing for goodwill

The Group's cash generating unit (CGU) level summary is presented below:

	Salt \$'000	Animal meals \$'000	Other \$'000	Total \$'000
2012	5,017	16,322	10,853	32,192
2011	5,017	16,322	9,945	31,284

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% (2011: 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 9.0% (2011: 10.7%).

These assumptions have been used for the analysis in each CGU of goodwill within the business segment of continuing operations. Whilst all CGUs in the Group have been tested for impairment and have met their required hurdle rates to support the current carrying values, the reduction in earnings for the year for Ridley Aqua-Feed and the subdued outlook for this sector has significantly eroded the impairment headroom. Recent internal reorganisation and cost-cutting initiatives and relaxation of production constraints at the Inverell site are expected to improve the outlook for this sector, however any significant deterioration of the discount rate or earnings profile for Ridley Aqua-Feed will raise impairment concerns in the future. The estimated recoverable amount of the Aqua-Feed CGU exceeds its carrying amount by approximately \$600,000. The change required for the Aqua-Feed carrying amount to equal the recoverable amount is a discount rate increase of 0.1% or a decrease in the growth rate of 0.2%, all other things being equal.

	2012 \$'000	2011 \$'000
Note 12. Tax assets and liabilities		
Current		
Tax asset	1,588	-
Tax liability	1,035	1,551
Non-current		
Deferred tax liability	12,535	7,835
Movement in deferred tax liability:		
Balance at 1 July	7,835	3,868
Credited/(charged) to the income statement (note 6)	4,161	3,262
Credited/(charged) to comprehensive income	539	298
Acquisition of subsidiary credited to the income statement (note 6)	-	407
Balance at 30 June	12,535	7,835

The amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is \$2,086,000 (2011: \$1,816,000). 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 2018.

Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Consolidated						
Intangibles	284	284	-	-	284	284
Doubtful debts	72	161	-	-	72	161
Property, plant and equipment	-	-	(17,831)	(13,491)	(17,831)	(13,491)
Employee entitlements	3,421	4,149	-	-	3,421	4,149
Retirement benefit obligations	185	91	-	-	185	91
Provisions	587	402	-	-	587	402
Other	747	569	-	-	747	569
Tax assets/(liabilities)	5,296	5,656	(17,831)	(13,491)	(12,535)	(7,835)

Note 12. Tax assets and liabilities continued

Recognised deferred tax assets and liabilities

	Balance 1 July 2010 \$'000	Recognised in Profit or Loss \$'000	Recognised in Other Comprehensive Income \$'000	Acquisition of Subsidiary	Balance 30 June 2011 \$'000	Recognised in Profit or Loss \$'000	Recognised in Other Comprehensive Income \$'000	Balance 30 June 2012 \$'000
Consolidated								
Intangibles	284	-	-	-	284	-	-	284
Doubtful debts	209	(48)	-	-	161	(89)	-	72
Property, plant and equipment	(10,173)	(2,976)	-	(342)	(13,491)	(3,688)	(652)	(17,831)
Employee entitlements	4,234	(163)	-	78	4,149	(728)	-	3,421
Retirement benefit obligations	28	(11)	73	1	91	(19)	113	185
Cash flow hedges	370	1	(371)	-	-	-	-	-
Provisions	630	(228)	-	-	402	185	-	587
Other	550	163	-	(144)	569	178	-	747
Tax asset/(liability)	(3,868)	(3,262)	(298)	(407)	(7,835)	(4,161)	(539)	(12,535)

74

2012
\$'000

2011
\$'000

Note 13. Payables

Current

Trade creditors and accruals	95,266	92,695
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Note 14. Provisions

Current

Employee entitlements	10,005	11,360
Contingent consideration	-	2,907
	10,005	14,267

Non-current

Employee entitlements	1,396	1,050
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Movement in provisions

Contingent Consideration

Balance at 30 June 2011	2,907
Unwind of discount post acquisition	93
Payment of contingent consideration	(3,000)
Balance at 30 June 2012	-

Parent Entity

2012
\$'000

2011
\$'000

Note 15. Share capital

Fully paid up capital: 307,817,071 ordinary shares with no par value (2011: 307,817,071)	237,531	237,531
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(a) Movements in ordinary share capital

Date	Details	Number of Shares	\$'000
June 2011	Balance at 30 June 2011	307,817,071	237,531
June 2012	Balance at 30 June 2012	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 Directors suspended the Dividend Reinvestment Plan on the 25 August 2009 and it remains suspended. The Company 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.

(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 follows.

Gearing ratios

	2012 \$'000	2011 \$'000
Gross debt	105,379	115,386
Less: cash	(7,228)	(13,247)
Net debt	98,151	102,139
Total equity	290,483	290,970
Gearing ratio	33.8%	35.1%

Note 16. Reserves and retained earnings**(a) Reserves**

Revaluation reserve	38,083	37,263
Share based payments reserve	671	(44)
Cash flow hedge reserve	-	-
Foreign currency translation reserve	(1,270)	(925)
	37,484	36,294

Movements:**Revaluation reserve**

Balance at 1 July	37,263	37,263
Revaluation	4,412	-
Deferred tax on revaluation	(1,123)	-
Retained earnings transfer on disposal of property, plant and equipment	(2,940)	-
Deferred tax on disposal of property, plant and equipment	471	-
Balance at 30 June	38,083	37,263

Share based payments reserve

Balance at 1 July	(44)	(250)
Options and performance rights expense	1,266	928
Share based payment transactions	(1,071)	(1,326)
Retained earnings transfer	520	604
Balance at 30 June	671	(44)

Note 16. Reserves and retained earnings continued

	2012 \$'000	2011 \$'000
Cash flow hedge reserve		
Balance at 1 July	-	(865)
Changes in fair value of cash flow hedges	-	1,236
Deferred tax	-	(371)
Balance at 30 June	-	-
Foreign currency translation reserve		
Balance at 1 July	(925)	(211)
Currency translation differences arising during the year	(345)	(714)
Balance at 30 June	(1,270)	(925)
(b) Retained earnings		
Balance at 1 July	17,145	11,689
Actuarial (losses) on defined benefit superannuation – net of tax	(264)	(170)
Net profit for the year	19,253	29,316
Dividends paid	(23,086)	(23,086)
Transfer from revaluation reserve	2,940	-
Share based payments reserve transfer	(520)	(604)
Balance at 30 June	15,468	17,145

(c) Nature and purpose of reserves

(i) Revaluation reserve

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.

2012 \$'000	2011 \$'000
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Note 17. Financial risk management

Derivative financial instruments

Current

Foreign exchange contracts	-	8
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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

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, its jointly controlled entity and associate in New Zealand 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:

	2012				2011		
	USD \$'000	JPY \$'000	CHF \$'000	EUR \$'000	USD \$'000	JPY \$'000	CHF \$'000
Forward exchange contracts							
Buy foreign currency	1,438	-	24	259	774	-	26
Sell foreign currency	-	362	-	-	-	138	-

At 30 June 2012, the net fair value of forward exchange contracts results in a liability of \$nil (2011: liability \$7,687). This 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 reasonably possible foreign currency risk exposures in existence at the balance sheet date is insignificant.

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 5.58% (2011: 6.80%). The value of interest rate swaps in place at 30 June 2012 for the Group was nil (2011: nil).

Note 17. Financial risk management continued

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.

	2012		2011	
	Interest Rate	Balance in \$'000	Interest Rate	Balance in \$'000
Variable rate instruments				
Cash	-	7,228	-	13,247
Bank loans – Australia	5.58%	104,500	6.80%	114,000
Bank loans – Indonesia	4.50%	1,212	3.75%	1,963

(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 \$738,000 (2011: \$798,000) and the Group's equity by \$738,000 (2011: \$798,000).

(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:

	2012 \$'000	2011 \$'000
Trade receivables	81,103	86,234
Other receivables	379	260
Cash and cash equivalents	7,228	13,247
	88,710	99,741

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.

	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
2012						
Non-derivative financial liabilities						
Trade and other payables	95,266	95,266	-	-	-	95,266
Bank loans	105,379	47,245	6,533	71,533	6,533	131,844
	200,645	142,511	6,533	71,533	6,533	227,110
Derivative financial liabilities						
Forward exchange contracts	-	2,076	-	-	-	2,076
	200,645	144,587	6,533	71,533	6,533	229,186
2011						
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

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 (ie. 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
2012				
Financial liabilities measured at fair value				
Forward exchange contracts	-	-	-	-
2011				
Financial liabilities measured at fair value				
Forward exchange contracts	-	8	-	8

During the years ending 30 June 2012 and 2011, 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.

	2012 \$'000	2011 \$'000
Note 18. Commitments for expenditure		
During the year ending 30 June, the Group entered into contracts to purchase plant and equipment for:	2,921	2,703
Commitments for non-cancellable operating leases:		
Due within one year	5,588	5,834
Due within one to two years	4,694	4,125
Due within two to five years	6,247	5,496
Due after five years	6,163	6,925
	22,692	22,380

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.

	2012 \$'000	2011 \$'000
Bank guarantees	1,102	1,108

A controlled entity guarantees 50% of an associate's bank debt to a maximum of \$590,000 (2011: \$590,000).

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.

	2012 \$	2011 \$
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Note 20. Auditors' remuneration

(a) Audit and review of financial reports

Auditors of the Company		
KPMG Australia	500,813	459,330
Other auditors	11,903	4,196
	512,716	463,526

(b) Other services

Auditors of the Company		
KPMG Australia		
In relation to other assurance, taxation and due diligence services	490,855	248,202
Total remuneration of auditors	1,003,571	711,728

Note 21. Related party disclosures

Investments

Information relating to investments accounted for using the equity method is set out in note 33.

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

	2012 \$'000	2011 \$'000
Transactions with related parties were as follows:		
Dividend revenue		
– associates	2,788	2,734
– jointly controlled entities	4,017	2,210
Management fees		
– jointly controlled operations	-	24
Directors fees		
– jointly controlled entities	82	81
Sales of products		
– associates	10,537	10,162
– jointly controlled entities	4,169	2,373
Purchases of products		
– jointly controlled entities	3,456	3,645
Outstanding balances with related parties were as follows:		
Current receivables		
– associates	849	749
Current receivables		
– jointly controlled entities	4	5

Outstanding balances are unsecured and repayable in cash.

	2012 \$'000	2011 \$'000
Note 22. Key management personnel disclosures		
Key management personnel compensation		
Short term employee benefits	3,344,814	3,444,766
Post-employment benefits	284,501	261,905
Termination benefits	297,109	235,380
Share based payments	637,139	381,716
	4,563,563	4,323,767

Note 22. Key management personnel disclosures continued

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.

Number of shares held in Ridley Corporation Limited at 30 June 2012

	Balance at the Start of the Year ¹	Acquired ³ /(Disposed) During the Year ²	Balance at the End of the Year
RJ Lee	269,366	-	269,366
PM Mann	76,625	10,000	86,625
J Murray	559,024	233,000 ³	792,024
JM Spark	316,000	82,500	398,500
AL Vizard	48,658	-	48,658
RJ van Barneveld	-	35,000	35,000
GH Weiss	-	25,000	25,000
Total Directors	1,269,673	385,500	1,655,173
AM Boyd	21,508	222,154	243,662
S Butler	3,136	1,654	4,790
CW Klem	49,374	1,654	51,028
RN Lyons	96,400	54,154	150,554
AM Mooney	81,377	52,500	133,877
AL Speed	78,136	54,154	132,290
PJ Weaver	82,885	52,500	135,385
Total executives	412,816	438,770	851,586
Total key management personnel	1,682,489	824,270	2,506,759

1. Or commencement of employment if not employed throughout the financial year.
2. There were no sales of Ridley securities by key management personnel during the financial year.
3. 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 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 exercise of performance rights and/or employee share schemes.

Performance Rights granted and vested during the financial year ended 30 June 2012

Recipients of Performance Rights	Balance at 1 July 2011	Granted ¹	Exercised/ Vested	Lapsed/ Forfeited	Balance at 30 June 2012 ²	Date Exercised	Value per Share at Date of Exercise
Directors							
J Murray ³	643,000	1,200,000	-	-	1,843,000	-	-
Key management personnel							
AM Boyd	425,000	400,000	(220,500)	(4,500)	600,000	1 May 2012	\$1.22
PJ Weaver	350,000	200,000	(52,500)	(22,500)	475,000	5 December 2011	\$1.09
AL Speed	350,000	400,000	(52,500)	(22,500)	675,000	5 December 2011	\$1.09
CW Klem	100,000	275,000	-	-	375,000		
AM Mooney	250,000	275,000	(52,500)	(22,500)	450,000	5 December 2011	\$1.09
RN Lyons	250,000	250,000	(52,500)	(22,500)	425,000	5 December 2011	\$1.09
S Butler	100,000	250,000	-	-	350,000	-	-
Total issued to Directors and key management personnel	2,468,000	3,250,000	(430,500)	(94,500)	5,193,000	-	-

1. Performance rights granted on 5 December 2011 and 5 May 2012.

2. Performance rights are due to vest between December 2012 through to December 2014.

3. 600,000 of performance rights granted to J Murray on 5 May 2012 are subject to AGM approval.

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 Corporation Special Retention Plan

The Ridley Corporation Special Retention Plan was introduced in May 2012, developed specifically to retain and motivate key executives for a period covering and extending beyond the current Cheetham Salt divestment process. Under the Special Retention Plan, selected executives and the Managing Director may be offered a number of performance rights (Right). The Plan offer is made in accordance with the rules of the Ridley Long Term Incentive Plan except that there are no disposal restrictions and the cessation of employment has been superseded, such that the Rights under this offer vest in full on the earlier occurrence of either completion of two years of service from the date of grant; ceasing to be an employee of Ridley because of a sale of a subsidiary entity; and occurrence of a change of control event. Each Right provides the entitlement to acquire one Ridley share at the end of the service period.

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 2011	5 May 2012
Expiry date	5 December 2014	5 May 2014
Share price at grant date	\$0.98	-
Fair value at grant date	\$0.21	\$1.08
Expected price volatility of the Company's shares	25%	-
Expected dividend yield	9.7%	-
Risk free interest rate	3.2%	-

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 2012

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
05 December 2008	05 December 2011	300,000	-	(90,000)	(210,000)	-
14 April 2009	14 April 2012	225,000	-	(4,500)	(220,500)	-
05 December 2009	05 December 2012	300,000	-	-	-	300,000
05 December 2010	05 December 2013	2,593,000	-	(67,940)	(32,060)	2,493,000
05 December 2011	05 December 2014	-	2,400,000	(50,000)	-	2,350,000
05 May 2012	05 May 2014	-	2,300,000	-	-	2,300,000
		3,418,000	4,700,000	(212,440)	(462,560)	7,443,000

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.

(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 2012
Restricted life	3 years
Fair value at grant date	\$0.68
Expected price volatility of the Company's shares	25%
Expected dividend yield	6.2%
Risk free interest rate	3.1%

Employee Share Scheme option movements

30 June 2012

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Number of Shares			Balance at End of the Year	Exercisable at End of the Year
			Balance at Start of the Year	Granted During the Year	Exercised During the Year		
29 January 2002	29 January 2005	\$0.82	72,000	-	(11,000)	61,000	61,000
28 January 2003	28 January 2006	\$0.74	147,150	-	(24,300)	122,850	122,850
13 February 2004	13 February 2007	\$0.63	188,615	-	(28,530)	160,085	160,085
05 April 2005	05 April 2008	\$0.77	182,700	-	(28,710)	153,990	153,990
10 April 2006	10 April 2009	\$0.66	215,272	-	(39,416)	175,856	175,856
13 April 2007	13 April 2010	\$0.57	277,922	-	(47,493)	230,429	230,429
11 April 2008	11 April 2011	\$0.56	376,530	-	(71,720)	304,810	304,810
03 April 2009	03 April 2012	\$0.34	750,824	-	(171,448)	579,376	579,376
30 April 2010	30 April 2013	\$0.61	532,356	-	(83,028)	449,328	-
30 April 2011	30 April 2014	\$0.66	538,356	-	(82,940)	455,416	-
30 April 2012	30 April 2015	\$0.61	-	540,858	(8,270)	532,588	-
			3,281,725	540,858	(596,855)	3,225,728	1,788,396
Weighted average exercise price			\$0.57	\$0.61	\$0.55	\$0.58	\$0.55

The options outstanding have a weighted average contractual life of three years (2011: three years).

30 June 2011

Grant Date	Date Shares Become Unrestricted	Weighted Average Exercise Price	Number of Shares			Balance at End of the Year	Exercisable at End of the Year
			Balance at Start of the Year	Granted During the Year	Exercised During the Year		
29 January 2002	29 January 2005	\$0.82	72,000	-	(13,000)	72,000	72,000
28 January 2003	28 January 2006	\$0.74	147,150	-	(22,950)	147,150	147,150
13 February 2004	13 February 2007	\$0.63	188,615	-	(39,625)	188,615	188,615
05 April 2005	05 April 2008	\$0.77	182,700	-	(39,150)	182,700	182,700
10 April 2006	10 April 2009	\$0.66	215,272	-	(54,576)	215,272	215,272
13 April 2007	13 April 2010	\$0.57	277,922	-	(70,360)	277,922	277,922
11 April 2008	11 April 2011	\$0.56	376,530	-	(91,443)	376,530	376,530
03 April 2009	03 April 2012	\$0.34	750,824	-	(103,460)	750,824	-
30 April 2010	30 April 2013	\$0.61	532,356	-	(79,772)	532,356	-
30 April 2011	30 April 2014	\$0.66	538,356	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

	2012 \$'000	2011 \$'000
Share based payment expense		
Shares issued under Employee Share Scheme	368	411
Performance rights issued under Long Term Incentive Plan	898	517
Total share based payment expense	1,266	928

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 dependents 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 \$5,910,000 (2011: \$5,788,000).

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:

	2012 \$'000	2011 \$'000
Present value of benefit obligation	2,469	2,106
Fair value of the benefit plan assets	(1,853)	(1,834)
Net retirement benefit obligation liability/(asset)	616	272

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:

	2012 %	2011 %
Cash	6	11
Equity instruments	55	54
Debt instruments	18	14
Property	16	10
Other	5	11

	2012 \$'000	2011 \$'000
(c) Reconciliations		
Reconciliation of the present value of the defined benefit obligations:		
Balance at the beginning of the year	2,106	2,979
Current service cost	79	97
Interest cost	87	135
Actuarial (gains)/losses	349	77
Benefits, expenses and insurance premiums paid	(199)	(1,238)
Contributions by plan participants	47	56
Balance at the end of the year	2,469	2,106
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	1,834	2,888
Expected return on plan assets	120	195
Actuarial gains/(losses)	(28)	(166)
Employer contributions	79	99
Contributions by plan participants	47	56
Benefits, expenses and insurance premiums paid	(199)	(1,238)
Balance at the end of the year	1,853	1,834
Expense recognised in income statement		
Current service cost	79	97
Interest cost	87	135
Expected return on plan assets	(120)	(195)
Total included in employee benefits expense/(benefit)	46	37
Actual return on plan assets	92	29
Actuarial (gains) and losses recognised in other comprehensive income		
Cumulative amount at 1 July	1,724	1,481
Recognised during the period	377	243
Cumulative amount at 30 June	2,101	1,724

(d) Principal actuarial assumptions

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

	2012 %	2011 %
Discount rate	2.60	4.40
Future salary increases	4.00	4.00
Expected return on plan assets	6.75	6.75

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 as at 30 June 2011. An updated valuation by the actuary has been included at 30 June 2012.

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 30 June 2011, updated to reflect 30 June 2012 valuations, the payment of employer contributions to the fund of 10% of salaries for employees who are members of the defined benefit section. These contribution rates have been adopted by the Group from 30 June 2012 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 2013 are \$135,000. 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

	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Present value of defined benefit obligation	2,469	2,106	2,979	3,865	4,158
Fair value of plan assets	(1,853)	(1,834)	(2,888)	(3,803)	(5,063)
(Surplus)/deficit	616	272	91	62	(905)
Experience adjustments arising on plan liabilities	53	35	87	(285)	(1,108)
Experience adjustments arising on plan assets	28	166	(8)	1,426	416

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 are 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.

2012

Business Segments	Salt \$'000	AgriProducts \$'000	Unallocated \$'000	Consolidated Total \$'000
Sales – external	108,677	626,018	-	734,695
Sales – internal	3,104	-	(3,104)	-
Total sales revenue	111,781	626,018	(3,104)	734,695
Other revenue	187	1,487	-	1,674
Total revenue	111,968	627,505	(3,104)	736,369
Share of profits of equity accounted investments	6,773	67	-	6,840
Depreciation and amortisation expense	(5,159)	(8,485)	(760)	(14,404)
Interest income	-	-	202	202
Interest expense	-	-	(9,529)	(9,529)
Reportable segment profit before income tax	17,834	27,161	(18,640)	26,355
Segment assets	200,203	255,229	8,762	464,194
Investments accounted for using the equity method	50,211	2,310	-	52,521
Total segment assets	250,414	257,539	8,762	516,715
Segment liabilities	12,246	93,195	120,790	226,231
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets (excluding the impact of business combinations)	6,475	16,389	702	23,566

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

	2012 \$'000	2011 \$'000
Note 26. Notes to statement of cash flows		
Reconciliation of net cash inflow from operating activities to profit after income tax		
Profit for the year	19,253	29,316
Adjustments for non cash items:		
Depreciation and amortisation	14,404	14,254
Profit on sale of businesses and joint venture operation	(308)	(439)
Net (profit)/loss on sale of non-current assets	(625)	30
Dividends in excess of equity profits	(35)	(2,112)
Non-cash share-based payments	1,266	928
Non-cash finance expenses	245	619
Doubtful debts	(129)	(220)
Foreign exchange gains	(19)	(190)
Other non-cash movements	1,291	(379)
Change in operating assets and liabilities, net of effects from purchase and sale of controlled entities and businesses		
Decrease/(increase) in receivables	4,710	(2,258)
Decrease/(increase) in inventories	9,592	1,286
Increase/(decrease) in trade creditors	2,571	(5,785)
Increase/(decrease) in provisions	(3,916)	3,593
Increase/(decrease) in income tax liability	(2,104)	(7,138)
Increase/(decrease) in deferred income tax liability	4,700	3,967
Net cash inflow from operating activities	50,896	35,472

Note 27. Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year ended 30 June 2012 and 2011.

	2012 \$'000	2011 \$'000
Note 28. Finance facilities		
Borrowings		
Current		
Bank loans ^(a)	40,712	1,932
Non-current		
Bank loans ^(a)	64,667	113,454

(a) These loans are subject to bank covenants based on financial ratios of the Group. As at 30 June 2012, the Group was in compliance with these covenants. The bank loans are unsecured.

The bank debt facility includes a combination of term debt available to be drawn down in tranches. \$110 million of the facility has a maturity date of 29 December 2014 whilst \$59 million has a maturity date of 29 December 2012. The applicable accounting standard requires that the borrowings drawn against the \$59 million tranche be classified as a current liability notwithstanding that sufficient non-current committed facilities are available to cover outstanding debt at 30 June 2012. There have been no breaches of the covenants of either facility or any other commercial consequences as a result of the classification.

Total loan facilities available to the Group

AUD	2012		2011	
	Limits \$'000	Utilised \$'000	Limits \$'000	Utilised \$'000
Australian dollars				
Loan	169,000	104,500	169,000	114,000
Cash	-	(7,818)	-	(13,247)
Overdraft facility	10,000	590	10,000	-
United States dollars	4,551	1,212	4,352	1,932
	183,551	98,484	183,352	102,685

Long term loan facilities

Finance facility

On 29 December 2010, a bank debt facility totalling \$169 million was established with two Australian banks. The facility includes a combination of term debt available to be drawn down in tranches. \$110 million of the facility has a maturity date of 29 December 2014. The facility was established with \$59 million to mature within two years, with an option to extend for a further two years on 29 December 2012. 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 2012 US\$1,225,000 (2011: US\$1,575,000) was utilised.

Short term credit facilities

Australian dollar overdraft facility

The Group has a \$10,000,000 (2011: \$10,000,000) net overdraft facility, which is due for annual renewal on 31 December 2012. At 30 June 2012 \$590,000 (2011: nil) was utilised on a consolidated basis due to offsetting within this consolidated Group overdraft facility. At 30 June 2012 \$8,732,000 (2011: \$9,555,000) was utilised by the parent company of the Group.

United States dollar facility

The Group has a US\$2,000,000 (2011: US\$2,000,000) revolving credit facility which expires on 31 January 2013. At 30 June 2012 US\$nil (2011: US\$500,000) was utilised.

The Group has a US\$500,000 revolving loan facility which expires on 31 January 2013. At 30 June 2012 US\$nil (2011: US\$nil) was utilised.

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 \$20,000,000 (2011: \$19,000,000). The amount utilised classified with current payables at 30 June 2012 was \$15,624,574 (2011: \$10,077,709).

	2012 Cents	2011 Cents
Note 29. Earnings per share		
Basic earnings per share	6.3	9.5
Diluted earnings per share	6.3	9.5

	2012		2011	
	Basic \$'000	Diluted \$'000	Basic \$'000	Diluted \$'000
Earnings used in calculating earnings per share				
Profit after income tax	19,253	19,253	29,316	29,316
Weighted average number of shares				
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

Options

There are 7,443,000 (2011: 3,418,000) 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	
			2012	2011
Ridley AgriProducts Pty Ltd and its controlled entities	Australia	Ordinary	100%	100%
Camilleri Stockfeeds Pty Ltd	Australia	Ordinary	100%	100%
Farmstock Pty Limited and its controlled entity	Australia	Ordinary	100%	100%
Farmstock Milling Pty Ltd	Australia	Ordinary	100%	100%
Lara Land Development Corporation Pty Ltd	Australia	Ordinary	100%	100%
Moolap Land Development Corporation Pty Ltd	Australia	Ordinary	100%	100%
Ridley Land Corporation Pty Ltd	Australia	Ordinary	100%	100%
Ridley Liquids JV Pty Limited	Australia	Ordinary	100%	100%
Barastoc Stockfeeds Pty Ltd and its controlled entity	Australia	Ordinary	100%	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%
Cheetham (Dry Creek) Pty Ltd	Australia	Ordinary	100%	100%
Diamond Salt Pty Limited	Australia	Ordinary	100%	100%
RCL Retirement Pty Limited	Australia	Ordinary	100%	100%

Note 31. Parent entity

As at, and throughout, the financial year ending 30 June 2012 the parent company of the Group was Ridley Corporation Limited.

	2012 \$'000	2011 \$'000
Result of the parent entity		
Profit for the year	766	10,185
Comprehensive income for the year	(264)	695
Total comprehensive income for the year	502	10,880
Financial position of the parent entity at year end		
Current assets	2,293	51
Non-current assets	366,981	367,490
Total assets	369,274	367,541
Current liabilities	11,154	11,812
Non-current liabilities	105,067	105,821
Total liabilities	116,221	117,633
Net assets	253,053	249,908
Total equity of the parent entity comprising of:		
Share capital	237,531	237,531
Share based payment reserve	671	(44)
Retained earnings	14,851	12,421
Total equity	253,053	249,908
GST liabilities of other entities within the GST group	212	198

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.

(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 of the Closed Group.

Note 32. Deed of Cross Guarantee continued

	2012 \$'000	2011 \$'000
Sales revenue from continuing operations	721,702	709,762
Cost of sales	(644,847)	(636,011)
Gross profit	76,855	73,751
Other income	1,674	1,376
Expenses from continuing operations		
Selling and distribution	(12,997)	(13,214)
General and administrative	(33,575)	(29,485)
Finance costs	(9,266)	(9,751)
Transaction costs	(1,902)	(469)
Profit from continuing operations before income tax expense	20,789	22,208
Income tax benefit/(expense)	(6,635)	2,986
Profit from continuing operations after income tax expense	14,154	25,194
Summary of movements in retained earnings		
Balance at 1 July	23,266	18,328
Actuarial gains/(losses) on defined superannuation benefit – net of tax	(264)	(170)
Profit for the year	14,154	25,194
Share based payment reserve transfer	(520)	(604)
Dividends paid	(23,086)	(23,086)
Transfer from asset revaluation reserve	2,940	-
Transfers from entities outside Deed of Cross Guarantee group	7,533	3,604
Balance at 30 June	24,023	23,266
(b) Balance sheet		
Current assets		
Cash and cash equivalents	4,841	12,659
Receivables	75,609	84,466
Inventories	81,986	89,896
Assets held for sale	4,017	-
Tax receivable	1,588	-
Total current assets	168,041	187,021
Non-current assets		
Receivables	823	826
Property, plant and equipment	217,470	209,632
Intangible assets	44,771	44,097
Other non-current assets	82,778	68,691
Total non-current assets	345,842	323,246
Total assets	513,883	510,267
Current liabilities		
Payables	86,971	85,390
Provisions	10,005	11,317
Tax liabilities	-	1,194
Total current liabilities	96,976	97,901

	2012 \$'000	2011 \$'000
Non-current liabilities		
Borrowings	104,172	113,457
Deferred tax liabilities	13,382	7,294
Provisions	1,396	1,050
Retirement benefit obligations	616	272
Total non-current liabilities	119,566	122,073
Total liabilities	216,542	219,974
Net assets	297,341	290,293
Equity		
Share capital	237,531	237,531
Reserves	35,787	29,496
Retained earnings	24,023	23,266
Total equity	297,341	290,293

Note 33. Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Carrying Amount	
			2012 %	2011 %	2012 \$'000	2011 \$'000
Jointly Controlled Entities						
Western Salt Refinery Pty Ltd	Salt production and distribution	Australia	50	50	1,564	1,470
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt production and distribution	New Zealand	50	50	32,148	32,157
Associates						
Salpak Pty Ltd	Salt marketing	Australia	56	56	13,988	14,105
Cerebos-Skellerup Limited	Salt marketing	New Zealand	49	49	2,511	2,511
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aqua-feed production	Australia	25	25	2,310	2,243
Investments accounted for using the equity method					52,521	52,486

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.

Note 33. Investments accounted for using the equity method continued

	2012 \$'000	2011 \$'000
Carrying amount of investments accounted for using the equity method		
Carrying amount at 1 July	52,486	50,324
Share of associates acquired during the year	-	50
Share of operating profits after income tax	6,840	7,056
Dividends received/receivable	(6,805)	(4,944)
Carrying amount at 30 June	52,521	52,486
Share of operating profits before income tax, interest and depreciation		
Share of depreciation and amortisation expense	(1,244)	(835)
Share of operating profits before income tax and interest		
Share of net interest expense	(197)	(212)
Share of operating profits before income tax		
Share of income tax expense	(2,655)	(3,045)
Share of operating profits after income tax		
Less: Dividends payable/paid	(6,805)	(4,944)
	35	2,112
Share of contingent liabilities	-	-
Summarised financial information of equity accounted investees, not adjusted for the percentage ownership held by the Group:		
Current assets	16,320	16,407
Non-current assets	26,466	26,394
Total assets	42,786	42,801
Current liabilities	9,850	10,533
Non-current liabilities	750	759
Total liabilities	10,600	11,292
Net assets	32,186	31,509
Revenue	73,845	83,814
Net profit after tax	13,175	16,103

There are no material reserves of the associated companies.

Note 34. Acquisitions

Acquisitions for the year ended 30 June 2012

Current year acquisition of business assets and liabilities

On 21 October 2011, Ridley AgriProducts Pty Ltd acquired the block business of Livestock Nutrition Technologies (LNT) in Townsville for a total cash consideration of \$2,700,000, including the balances of working capital. Application of the fair value acquisition accounting principles resulted in goodwill on acquisition of \$908,000. This acquisition allowed Ridley to consolidate LNT with its Supplements business in Townsville to service the northern Australia block market from a more efficient base and critical mass, and to enable the Wacol premises in southern Queensland to be closed and sold.

Acquisitions for the year ended 30 June 2011

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 expected it would 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 estimated that consolidated revenue would have been \$31,100,000 and consolidated profit from the period would have been \$5,900,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2010.

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

Consideration	\$'000
Cash	31,162
Equity instruments (795,039 shares) ¹	1,000
Contingent cash consideration	2,860
	35,022

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

Contingent consideration

The Company agreed to pay the selling shareholders up to \$3,000,000 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 was 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. The full \$3,000,000 contingent consideration was paid during the year ended 30 June 2012.

Identifiable assets acquired and liabilities assumed, and attributable goodwill

The following fair values were 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 was 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.

	2012	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 deductible for income tax purposes.

Prior year acquisition of business assets and liabilities

Ridley AgriProducts Pty Ltd acquired the assets and liabilities of Primo Aquaculture Pty Ltd for \$1,000,000, and this 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.

Prior year 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 were included as business acquisition costs in the Group's consolidated income statement for the year ended 30 June 2011.

Note 35. Events occurring after the balance sheet date

Ridley is continuing with its assessment of a potential divestment of the Cheetham Salt business to unlock shareholder value, and a select number of parties have been invited to proceed to due diligence under Stage 2 of the confidential divestment process.

No decision has been made at the present time by Ridley with regard to the sale of Cheetham Salt and a decision is not expected to occur until the parties complete their due diligence investigations and submit a binding offer for consideration by the Ridley Board. For the transaction to proceed to execution, the Ridley Board requires a suitably attractive offer which recognises the intrinsic value of Cheetham Salt and is otherwise in the best interests of Ridley.

No other matters or circumstances have arisen since 30 June 2012 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.

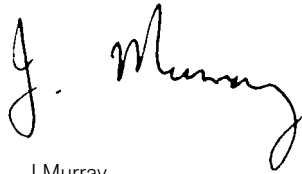
DIRECTORS' DECLARATION

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 2012 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 be 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 2012.
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



J Murray
Director

Melbourne
22 August 2012

INDEPENDENT AUDITOR'S DECLARATION



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 2012, 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 2012 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 the Directors' Report for the year ended 30 June 2012. 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 2012 complies with Section 300A of the Corporations Act 2001.

KPMG

Partner

Melbourne
22 August 2012

SHAREHOLDER INFORMATION

AS AT 22 AUGUST 2012

	Number of Holders	Number of Securities	% Held by 20 Largest Holders
Holdings of securities – ordinary shares			
Each fully paid	7,141	307,817,071	73.01

Number Held	Number of Ordinary Holders	Number of Ordinary Shares
Distribution of holdings – ordinary shares		
1 to 1,000*	1,217	499,562
1,001 to 5,000	2,620	7,840,602
5,001 to 10,000	1,409	10,837,007
10,001 to 100,000	1,791	43,199,177
100,001 and over	104	245,440,723

* There are 686 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	43,177,114	14.03
GPG Nominees Pty Ltd	24,792,351	8.05
Citicorp Nominees Pty Limited	21,468,260	6.97
National Nominees Limited	21,170,135	6.88
JP Morgan Nominees Australia Limited	17,507,341	5.69
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	17,391,493	5.65
RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	17,102,930	5.56
Heytesbury Pty Ltd	14,523,243	4.72
UBS Wealth Management Australia Nominees Pty Ltd	7,571,956	2.46
BNP Paribas Noms Pty Ltd <SMP Accounts DRP>	6,860,305	2.23
AMP Life Limited	6,487,231	2.11
HSBC Custody Nominees (Australia) Limited	5,647,146	1.83
Taverners N Pty Ltd	4,024,270	1.31
BNP Paribas Noms Pty Ltd <Master Cust DRP>	3,598,220	1.17
RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	3,106,081	1.01
Lippo Securities Nominees (BVI) Ltd <Client A/C>	2,600,000	0.84
Credit Suisse Securities (Europe) Ltd <Collateral A/C>	2,572,000	0.84
UBS Nominees Pty Ltd	1,825,434	0.59
Sandhurst Trustees Ltd <SISF A/C>	1,661,172	0.54
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,639,412	0.53
	224,726,094	73.01

Substantial Shareholders	% Holding
Guinness Peat Group	22.08
Lazard Asset Management	8.99
Investors Mutual Limited	6.18
AMP Limited	5.58
Maple Brown Abbott	5.45
Dimensional Fund Advisors Group	5.18

Directors' holdings

On 22 August 2012, 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	792,024	1,843,000*
PM Mann	86,625	-
JM Spark	398,500	-
AL Vizard	46,658	-
RJ van Barneveld	35,000	-
GH Weiss	25,000	-

* 600,000 of J Murray's performance rights are subject to shareholder approval at the 20 November 2012 Annual General Meeting.

Voting rights

As at 22 August 2012, the number of holders of fully paid ordinary shares with full voting rights was 7,141. 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

Ridley Corporation Limited

ABN 33 006 708 765

Corporate office and registered office

Level 4, 565 Bourke Street
Melbourne Victoria 3000 Australia

Telephone 03 8624 6500

Facsimile 03 8624 6505

Email secretary@ridley.com.au

Website www.ridley.com.au

Ridley AgriProducts Pty Limited

ABN 94 006 544 145

Head office

Level 4, 565 Bourke Street
Melbourne Victoria 3000 Australia

Telephone 03 8624 6500

Facsimile 03 8624 6505

Cheetham Salt Limited

ABN 81 006 926 487

Head office

Level 4, 565 Bourke Street
Melbourne Victoria 3000 Australia

Telephone 03 8624 6500

Facsimile 03 8624 6505

