RIDLEY

Ridley Corporation Limited

Appendix 4D Half year report

ABN 33 006 708 765

Results for announcement to the market

Reporting period: Half year ended 31 December 2012
Previous corresponding period: Half year ended 31 December 2011
Release date: 20 February 2013

				$A'000
Revenue from continuing operations	up	6%	to	345,952
Loss after tax attributable to members	down	207%	to	(12,686)
Net loss for the period attributable to members	down	207%	to	(12,686)

Dividends	Amount per security		Franked amount per security
	Current period	Previous corresponding period	
Interim dividend	Nil¢	3.75¢	Nil (2011: 100%)

Record date for determining entitlements to the interim dividend	N/a

	31 December 2012	31 December 2011
Net tangible asset backing per ordinary share	0.51	0.80

Brief Explanation

See pages 2 to 10.

RIDLEY

20 February 2013

RIDLEY DELIVERS STABLE UNDERLYING RESULT AND REPOSITIONS FOR GROWTH

Ridley today announced a consolidated after tax loss for the half year to 31 December 2012 of $12.7 million (2011: profit $11.9 million), after accounting for non-recurring write downs, impairments and transaction costs of $24.9 million.

Net profit after tax from operations was $12.2 million for the half year which is $0.3 million ahead of the same period last year, whilst EBIT from operations of $20.4 million is $0.5 million behind last year's result.

The half year includes the following non-recurring items:

- $5.0 million write off of Dry Creek Goodwill (non-cash);
- $14.7 million impairment of Dry Creek salt fields (non-cash); and
- $5.2 million of post tax transaction costs associated with the divestment of Cheetham Salt and the acquisition of the BPL rendering business.

As highlighted at the 2012 Annual General Meeting, the Board has been focused on optimising the business and structure of Ridley Corporation Limited (**Ridley; ASX: RIC**) to maximise shareholder value. During the half year, Ridley successfully executed an agreement to divest Cheetham Salt whilst at the same time adding significant additional capacity and capability in the core business of providing nutrients for the safe and sustainable production of food from livestock through the acquisition of the BPL rendering business at Laverton, Victoria.

The divestment of the Cheetham Salt business announced on 29 November 2012 is proceeding satisfactorily towards a targeted completion date of 28 February 2013, whilst the acquisition of the BPL rendering business announced on 9 November 2012 duly completed as scheduled on 31 December 2012 (refer Note 9).

The operating result for the half year includes a full six months of Cheetham Salt operations, which have been separately disclosed as a Discontinued Operation (refer Note 4) except for the Dry Creek contribution, which has been segregated into the new Ridley salt operating segment (refer Note 7). The half year result excludes any result from the newly acquired rendering business but reports the acquisition costs in the profit and loss as Other Costs. Costs associated with the divestment of Cheetham Salt have been included within the profit of $4.9 million from Discontinued Operations.

The exclusion of the Dry Creek salt operations from the Cheetham Salt divestment transaction has necessitated the write off of the $5.0 million of goodwill attributable to the original 2005 acquisition of that operation together with a write down of $14.7 million against the corresponding assets (refer Note 2).

A change in accounting policy for land and buildings from fair value to cost has been retrospectively applied, and has resulted in a reduction in both the carrying value of Land and Buildings and the corresponding Asset Revaluation Reserve and Deferred Tax Liability (refer Note 1(a)).

The crystallisation of aggregate asset values through the Cheetham Salt divestment transaction has also resulted in a reversal of the salt field Asset Revaluation Reserve balance against the carrying value of the salt fields. The closing balance of the consolidated Asset Revaluation Reserve of $7.5 million will be transferred to retained profits upon completion of the Cheetham Salt divestment.

The underlying determinants of the operating result and the financial impacts of the non-operational adjustments are explained within the following summary.

PROFIT AND LOSS SUMMARY

	Dec 2012 in $m	**Dec 2011 in $m**	**Movement in $m**
Earnings from operations before finance income and expense and tax expense (**EBIT**):			
Ridley AgriProducts	15.5	14.9	0.6
Cheetham Salt (inc JV NPATs)	9.8	10.0	(0.2)
Corporate (inc Property Realisation)	(4.9)	(4.0)	(0.9)
EBIT from operations	**20.4**	**20.9**	**(0.5)**
Net Finance costs	(4.0)	(4.8)	0.8
Income tax expense (excluding non-recurring transactions)	(4.2)	(4.2)	-
Net profit / (loss) from operations after tax	**12.2**	**11.9**	**0.3**
Write off of Dry Creek goodwill	(5.0)	-	(5.0)
Impairment of Dry Creek salt fields	(14.7)	-	(14.7)
Transaction costs - Cheetham Salt divestment and rendering business acquisition	(5.4)	-	(5.4)
Tax effect of non-recurring transactions	0.2	-	0.2
Reported net (loss) / profit for period	**(12.7)**	**11.9**	**(24.6)**
Earnings per share (cents):			
(i) from operations	4.0	3.9	0.1
(ii) reported	(4.1)	3.9	(7.9)

The Directors believe that the presentation of the unaudited non-IFRS profit and loss summary above and financial cash flow on page 8 is useful for users as it reflects the underlying profits and significant cash flows of the business.

Ridley AgriProducts

The Ridley AgriProducts business generated EBIT of $15.5 million (2011: $14.9 million).

The breadth and diversity of the major operating sectors for Ridley AgriProducts provides a diversification of risk that underpins a stability of operating result which is difficult to achieve in the Australian agribusiness space. Due to the different economic drivers impacting the business, it is highly unlikely that all Ridley sectors will collectively and concurrently be at either the peak or trough of their particular cycle. This half year is no different in this regard.

Whilst Ridley was anticipating a positive recovery in the Dairy sector, cost increases coupled with the continuing high Australian dollar and falls in the farm gate milk prices, have combined to cause a downturn in dairy farmer sentiment. With fodder from the prior year pasture abundance still in reasonable supply, there has been a reluctance to expend cash resources. The shrinking of volume in the marketplace has increased competition amongst the stockfeed participants at the same time that grain prices have risen to recent year highs.

The commissioning of the new mill at Pakenham in December 2012 will provide Ridley with a state of the art mill and highly competitive cost structure to facilitate targeting of new volumes throughout the Gippsland dairy region. The commencement of operations of the new mill has facilitated the post balance date closure of the old mill at Dandenong which is held for sale.

Whilst the Ridley Dairy sector was budgeting for a mild recovery, the 2013 financial year outlook for its Aqua-Feed sector was conservative. The lifting of the dog food production restriction at the Inverell Joint Venture site has facilitated a restructure of the dog food and aqua feed production, both of which are managed by the Aqua-Feed management team. The previous suboptimal arrangement caused by the former restriction has been remedied with all dog food production switched to Inverell, outsourcing of the production shortfall terminated, and all aqua feed production returned to the Aqua-Feed headquarters at Narangba, Queensland.

Despite slightly lower volumes than for the same period last year, lower production costs, improved operating shift arrangements and the strong underlying salmon volumes have generated a positive result for the period and turnaround from the prior year.

The prior year acquisition of the LNT business and consolidation of the Supplements operations into the more reliable northern market centred on the existing operation at Townsville has focused the service offering to the higher volume northern Queensland market. After successive years of losses, the restructured business has generated positive earnings for the half year and is well placed to achieve its targeted return next year following a more traditional dry season in the north of Australia.

The contribution from the Camilleri Stockfeeds business has again been solid, and would have been higher had the NSW outbreak of Avian Influenza not suspended access to many of the export markets to poultry meal. The acquisition on 31 December 2012 of Victoria's leading rendering business will provide synergistic opportunities and critical mass, as well as a mammalian processing facility not currently available at the Ridley operation in NSW. The Victorian business has been renamed and is trading as CSF Proteins Melbourne.

Improvements in the Pig and Poultry (Monogastric) sectors over the same period last year have been offset by declines in the Packaged Products sector, both being influenced in opposite directions by the price elasticity of raw material price increases in the period.

Cheetham Salt

The Cheetham Salt business generated EBIT before joint ventures of $6.2 million (2011: $6.5 million), down $0.3 million on last year. Joint venture after tax earnings of $3.6 million (2011: $3.5 million) as reflected in the profit and loss were consistent with the prior period.

As previously predicted, the impact of the increased salt production costs associated with harvest delays resulting from last year's rainfall dilution and poor evaporation season continued during the half year and will do so beyond the end of the current financial year until such time as this inventory has been sold. This inventory is being progressively replaced on the bank with lower cost salt produced following a return to more traditional harvest cycles and volumes, and although there have been severe weather events experienced at the Bajool and Port Alma fields since reporting date, the harvest and salt cost outlook is positive for the southern state salt fields.

The core domestic business has recorded an increase in earnings of $0.3 million over the same period last year, augmented by an additional shipment to the Joint Venture in New Zealand.

The Dry Creek operation delivered a $1.9 million result, similar to last year on volumes close to the minimum "take" under the Supply Agreement. These volumes and margins are expected to be achieved for the remainder of the current financial year and to cease at year end in accordance with Penrice's declared intent to cease domestic production of soda ash. The results from Dry Creek will be reported in the Ridley salt segment given the exclusion of these operations from the Cheetham Salt sale transaction.

The causes of interruption to manufacturing at the Bajool refinery have been addressed in the period, with a number of operational process enhancements generating an improvement in the downtime statistics. Further improvement is expected in the second half year following the December 2012 commissioning of the new bagger head and palletiser projects which are the final component of a major capital expenditure upgrade. These two areas were responsible for approximately 90% of the downtime that was preventing the new refinery from reaching its full operational capacity.

In Indonesia, delays were experienced in the issue of the annual importation licence required to facilitate the importation of crude salt into the Cilegon refinery for processing and sale into local markets. Over the last three months of the calendar year, the local team in Indonesia managed to source crude salt from local producers and other importers in order to maintain supply to key customers. Salt volumes of a satisfactory quality from this new source were insufficient to satisfy all refinery requirements and were purchased at a higher than usual cost, resulting in a winding back of refinery production and a squeezing of margins for the period. Measures such as an expansion of the stock pile area at the refinery to enable the site to hold 60,000 tonnes of crude salt, have been put into place to ensure that any similar delays in the future do not interfere with normal operations.

The Joint Venture operations continue to demonstrate a resilience and stability, with the Cheetham Salt share of after tax profits maintained at $3.6 million for the half year, wholly distributable by way of cash dividends

Corporate costs and Property Realisation

Corporate costs of $4.9 million are $0.9 million higher than the prior year comparative due to an increase in the share-based payment expense following the issue of performance rights to key employees under the Special Retention Plan as advised to the Ridley Board by its independent employment advisor. Property realisation costs of $0.6 million are $0.2 million higher than the prior period due to an increase in consulting and advisory activity for the Dry Creek, Moolap and Lara sites.

Transaction costs

All costs incurred between 1 July 2012 and 31 December 2012 that are directly attributable to the divestment of Cheetham Salt ($2.2 million) have been included in the determination of the profit from the Discontinued Operation (Note 4).

The costs for the period that are directly attributable to the acquisition of the rendering business ($3.1 million) have been reported in the statement of profit and loss as other costs (Note 2).

Write off of Dry Creek Goodwill

The transaction for the divestment of Cheetham Salt does not include the operation conducted at the Dry Creek salt field in Adelaide which exclusively services the long term Supply Agreement with Penrice Soda Products Pty Ltd (**Penrice**). In accordance with the requirements of the accounting standards, the retention by Ridley of the Dry Creek operation necessitates the write off of the entire $5.0 million balance of goodwill attributable to the original 2005 acquisition of the site by Cheetham Salt. With the expectation that the divestment will complete in the second half year, the write off has been reflected in the profit and loss for the half year within the profit from the Discontinued Operation (Note 4).

Impairment of Dry Creek assets

Following the announcement of the sale of the Cheetham Salt business, an assessment of the carrying value of the Dry Creek salt field was required to be undertaken, based on its estimated fair value by external independent valuers. For the purposes of impairment testing, the salt field's carrying value has previously included an earnings attribution from a portfolio of customer contracts included in the 2005 Dry Creek acquisition. These contracts are currently serviced from Cheetham Salt sites other than Dry Creek and such contracts are included in the sale transaction. The impairment reflects the loss to Ridley of the value pertaining to these contracts and has been recorded as at 31 December 2012 given the high likelihood of successful completion of the sale transaction in the second half year.

The Dry Creek Salt Fields were written down by $15.6 million during the period, of which $0.9 million represents a reversal of an amount against the Group Asset Revaluation Reserve with the balance resulting in an impairment loss of $14.7 million, which has been recognised in the condensed consolidated statement of profit or loss.

Finance costs

Consolidated net interest and financing costs for the period were $4.0 million, down $0.8 million on the prior period due to successive lowering of interest rates over the last 18 months. Interest rate reductions in the lead up to 31 December 2012 will have a positive influence throughout the second half year.

Tax expense

The current period tax expense of $4.2 million reflects the result from ongoing operations whilst the cumulative tax effect of the non-recurring transactions is only a favourable $0.2 million.

BALANCE SHEET

The assets of the Cheetham Salt group other than those located at Dry Creek have been aggregated and reported as a single figure of $155.5 million within current Assets Held for Sale in the Balance Sheet as at 31 December 2012. The aggregate liabilities of $11.5 million are similarly reported as being held for sale at period end. The exclusion of the relevant Cheetham Salt assets and liabilities being sold represents a significant variation from most of the Ridley consolidated balances previously reported at 30 June 2012.

The increase in net debt reflects an outlay of $79.4 million for the acquisition of the rendering and tuna meal importation businesses. The consequential increase in gearing is temporary and will be reduced upon the receipt of the Cheetham Salt sale proceeds.

Material movements in balances other than through the exclusion of the Cheetham Salt balances comprise an increase in cash, being a timing issue prior to application against the net debt balance, and the requirement to retire a minimum of $80 million of debt following the completion of the Cheetham Salt sale with this amount being shown as a current liability.

The primary movements in Intangible assets comprise a $39.5 million increase relating to goodwill arising on the acquisition of the rendering business on 31 December 2012 offset by the write off of the $5.0 million of Dry Creek acquisition goodwill. The balance of other movements is a negative $1.2 million, mostly relating to the exclusion of Cheetham Salt software balance.

The fair value of property, plant and equipment acquired at Laverton has been assessed at $37.5 million (Note 9).

Change in accounting policy

A new accounting policy was adopted on 1 July 2012 and has been applied retrospectively. The new accounting policy is that land and buildings are stated at cost or deemed cost less accumulated depreciation and impairment, whereas the previous accounting policy measured land and buildings at fair value, based on periodic, but at least triennial, valuations by external independent valuers.

The Group considers that the change in policy will result in the financial report providing more stable, relevant and no less reliable information, leading to asset values which reflect a more accurate portrayal of the underlying reality of the transactions and events surrounding the sites, many of which are located in remote rural communities.

The impact of the change in accounting policy is the reversal of the gross land and buildings balance in the Asset Revaluation Reserve of $17.1 million against the carrying value of the asset, with the reversal of the tax effect of $5.0 million applied to reduce the deferred tax liability balance. The movements in the Asset Revaluation Reserve for the period are reflected in the following table.

Movements and balances - in $m	**Gross**	**Tax**	**Net**
Opening balance as at 1 July 2012	**54.4**	**(16.3)**	**38.1**
Change in accounting policy for Land and Buildings	(17.1)	5.0	(12.1)
Fair value reduction of Dry Creek salt field	(1.2)	0.3	(0.9)
Fair value reduction of Cheetham Salt salt fields to recoverable amount	(28.4)	10.8	(17.6)
Closing balance as at 31 December 2012	**7.5**	**-**	**7.5**

CASH FLOWS

Operating cash flow for the period has improved from $8.1 million in the prior period to $20.3 million, reflecting the relative improvement in working capital between the two periods.

Development capital expenditure of $8.4 million is $6.7 million higher than the prior year, with $4.5 million expended in the period on the construction of the new mill at Pakenham, which was commissioned in December 2012.

Net tax payments made in the half year of $1.9 million are $3.4 million lower than the prior period due to a tax refund received of $2.2 million and the utilisation of capital losses on the disposal of previously impaired assets.

The total outlay on acquisitions for the period of $79.4 million includes the acquisition of the rendering business for $77.0 million plus working capital adjustments, as well as the acquisition of a tuna meal business for a total outlay of $1.4 million.

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

Cash flows for the six months in $m	**Half year ended**	
(Group including discontinued operations)	**31 Dec 2012**	**31 Dec 2011**
EBIT from operations	20.4	20.9
Depreciation and amortisation	7.7	6.8
EBITDA from operations (including JV NPATs)	**28.1**	**27.7**
Movement in working capital	(2.0)	(14.7)
Maintenance capital expenditure	(5.8)	(4.9)
Operating cash flow	**20.3**	**8.1**
Development capital expenditure	(8.4)	(1.7)
Dividends paid	(11.4)	(11.4)
Proceeds from sale in 2011 of CCD and Corowa mill	-	2.4
Net finance expense	(4.1)	(4.5)
Net tax payments	(1.9)	(5.3)
Acquisition of BPL Melbourne and Bartlett Grain	(79.4)	(3.9)
Transaction costs	(3.2)	(0.1)
Share-based payments	(0.4)	(0.5)
Movement in other balance sheet items	2.9	(1.0)
Cash flow for the period	**(85.6)**	**(17.9)**
Opening net debt balance at 1 July	(98.2)	(102.1)
Closing net debt balance at 31 December *	**(183.8)**	**(120.0)**

**Net debt is current and non-current borrowings of $206.6 million less cash of $22.8 million.*

DIVIDEND AND CAPITAL MANAGEMENT

As a result of the impairment of assets and write off of goodwill, the consolidated entity does not have retained profits available as at 31 December 2012 with which to pay an interim dividend.

The completion of the Cheetham Salt divestment will realise the 31 December 2012 residual balance of $7.5 million in the asset revaluation reserve, which will be duly transferred to retained profits at that time.

The Company is in the process of obtaining a tax ruling from the ATO with regard to the tax implications for shareholders in the event of a return of capital.

An announcement on the extent and timing for any shareholder distribution will be made following the successful completion of the sale of Cheetham Salt and consideration of the Company's ongoing cash generation and funding requirements.

REVIEW OF OPERATIONS

Managing Director, Mr John Murray, commented "There are a number of unusual features incorporated within the half result which are not reflective of our ongoing operations and which we have attempted to highlight and explain within this report. Although the costs of the acquisition of our newly acquired rendering business were brought to account in the first half due to the settlement occurring on 31 December 2012, no operating results for this business were reported."

"Assuming the divestment of Cheetham Salt proceeds to completion in accordance with the current timetable, the second half year will report Cheetham Salt results for two months, the final profit or loss on the divestment, plus the Dry Creek operating result for the four months from March to June 2013. We are assuming at this stage that the take or pay agreement will be honoured by Penrice for the remainder of the 2013 financial year. In the absence of any other inorganic growth opportunities in the meantime, the 2014 operating result will represent the first full year of the restructured Ridley Group."

Mr Murray continued "In addition to executing the major divestment and acquisition in the half year, we were also delighted to secure the acquisition of a tuna meal business which provides a source of high value tuna meal from the Pacific Islands."

"From an operations perspective, the recovery in the Dairy, Supplements and Packaged Products sectors has been less than expected, delayed by the slower than anticipated return to more historical levels of pasture together with the high levels of fodder gathered and stored on farm during periods when it was in plentiful supply. The prior year restructure of our Supplements business to focus on the more concentrated demand of the northern Queensland market is starting to deliver results, with a profit recorded in a half year of conditions generally unfavourable to supplementary feeding."

On the group's banking facility, Mr Murray noted that "Our amended banking facility enabled us to fund the new rendering business with debt prior to reaching an outcome on the Cheetham Salt divestment, and our group banking facilities all now extend to December 2014. After receipt of the Cheetham Salt sale proceeds, we shall be retiring a minimum of $80 million of facility debt, with the final amount to be considered in conjunction with the capital management strategy and any new business opportunities. We will be announcing our intentions in that regard in the near future."

OUTLOOK

Commenting on the outlook, Mr Murray said: "The commissioning of the new Pakenham mill prior to Christmas 2012 marked a milestone for Ridley by being the first new mill constructed by the company since 1997. This mill provides an excellent platform to target new volumes in the Gippsland Dairy heartland. The additional rendering capacity provided by the newly acquired facility provides critical mass and flexibility not otherwise available through a single site operation based in Sydney."

"After an extensive and thorough market testing, the signing of agreements to sell Cheetham Salt for gross cash consideration of $150 million was announced on 29 November 2012, and we expect to announce transaction completion in the near future. The Dry Creek operation was excluded from the sale due to concerns about the reliability of the earnings stream, and we are now engaged with Penrice to secure the best possible compensation outcome for Ridley shareholders following Penrice's recently announced intent to terminate its salt requirements within the long term Supply Agreement by 30 June 2013. Upon reaching suitable agreement with Penrice to cease production at Dry Creek, we will be able to use the previous property development feasibility studies as the basis with which to move forward with the redevelopment of the site. "

"We shall continue to actively pursue acquisition opportunities of the right type and at the right price and to commit resources to securing the necessary approvals to realise the latent value of the Ridley portfolio of surplus land assets."

Mr Murray concluded "Following the sale of the salt business, Ridley will be able to focus its attention on being Australia's premier supplier of nutrients, ingredients and feed for the safe and sustainable production of food from livestock. The diversification of our business sectors provides a natural mitigation for the volatility and large fluctuations that affect most agribusinesses. With our dedicated focus and clear direction, we are well placed to take advantage of organic growth and consolidation opportunities and to deliver strong and reliable performance in the years to come."

For further information please contact:

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RIDLEY CORPORATION LIMITED

Directors' Report for the Half Year Ended 31 December 2012

The Directors present their report on the consolidated entity consisting of Ridley Corporation Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2012.

Directors

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

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

Review of Operations

The review of operations is set out on pages 2 to 10.

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 report. Amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on page 12.

Signed at Melbourne on 20 February 2013 in accordance with a resolution of the Directors.

J M Spark
CHAIRMAN

J Murray
MANAGING DIRECTOR

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

To: the directors of Ridley Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

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

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

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

20 February 2013

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	December 2012 $'000	December 2011 $'000 Restated*
Revenue from continuing operations		345,952	326,995
Cost of sales		(316,243)	(298,182)
Gross profit		29,709	28,813
Other income		170	909
Expenses from continuing operations			
Selling and distribution		(5,112)	(5,419)
General and administrative		(12,244)	(11,673)
Finance costs	2	(4,006)	(4,824)
Other costs	2	(22,904)	(128)
Share of net profits of equity accounted investments	8	-	45
Profit/(Loss) from continuing operations before income tax		(14,387)	7,723
Income tax expense		(2,545)	(1,685)
Profit/(Loss) from continuing operations after income tax		(16,932)	6,038
Profit from discontinued operation (net of tax)	4	4,246	5,846
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited		(12,686)	11,884

Earnings per share

	Cents	Cents
Basic earnings per share – continuing operations	(5.5)	2.0
Basic earnings per share	(4.1)	3.9
Diluted earnings per share – continuing operations	(5.5)	2.0
Diluted earnings per share	(4.1)	3.9

* *The 2011 consolidated condensed statement of profit or loss has been restated for the effect of Cheetham Salt being classified as discontinued (refer note 4).*

The above consolidated condensed statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	December 2012 $'000	December 2011 $'000
Net profit/(loss) after tax attributable to members of Ridley Corporation Limited		(12,686)	11,884
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Revaluation of Salt Fields, net of tax	3	(18,430)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(499)	(410)
Other comprehensive income/(loss) for the period, net of tax		(18,929)	(410)
Total comprehensive income/(loss) for the period		(31,615)	11,474
Total comprehensive income/(loss) for the period is attributable to:			
Ridley Corporation Limited		(31,615)	11,474

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

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2012

	Note	December 2012 $'000	June 2012 $'000 *Restated	June 2011 $'000 *Restated
Current assets				
Cash and cash equivalents		22,803	7,228	13,247
Receivables		76,524	84,259	88,969
Inventories		64,990	79,723	91,533
Assets held for sale	4	158,108	4,017	-
Tax receivable		76	1,588	-
Total current assets		322,501	176,815	193,749
Non-current assets				
Investments accounted for using the equity method		2,310	52,521	52,486
Property, plant and equipment		157,151	221,879	217,251
Intangible assets		78,036	44,771	44,416
Inventories		3,575	3,575	-
Deferred tax asset		3,066	-	-
Total non-current assets		244,138	322,746	314,153
Total assets		566,639	499,561	507,902
Current liabilities				
Payables		101,454	95,266	92,695
Borrowings		80,000	40,712	1,932
Tax liabilities		191	1,035	1,551
Provisions		9,157	10,005	14,267
Liabilities held for sale	4	11,486	-	-
Derivative financial instruments		-	-	8
Total current liabilities		202,288	147,018	110,453
Non-current liabilities				
Borrowings		126,639	64,667	113,454
Deferred tax liabilities		-	7,493	2,995
Provisions		1,033	1,396	1,050
Retirement benefit obligations		445	616	272
Total non-current liabilities		128,117	74,172	117,771
Total liabilities		330,405	221,190	228,224
Net assets		236,234	278,371	279,678
Equity				
Share capital		237,531	237,531	237,531
Reserves		7,464	25,372	24,862
Retained profits/(losses)		(8,761)	15,468	17,285
Total equity		236,234	278,371	279,678

* *See note 1 – The comparative statements as at 30 June 2012 and 2011 have been restated to show the effect of the voluntary change in accounting policy.*

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

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Share Capital	Revaluation Reserve	Share based payment reserve	Foreign currency translation reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	**237,531**	**25,971**	**671**	**(1,270)**	**15,468**	**278,371**
Profit/(Loss) for the period	-	-	-	-	(12,686)	**(12,686)**
Other comprehensive income/(loss)						
Revaluation of salt fields, net of tax	-	(18,430)	-	-	-	**(18,430)**
Exchange differences on translation of foreign operations	-	-	-	(499)	-	**(499)**
Total other comprehensive income/(loss) for the year	-	**(18,430)**	-	**(499)**	-	**(18,929)**
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(11,543)	**(11,543)**
Share based payment transactions	-	-	1,021	-	-	**1,021**
Total transactions with owners recorded directly in equity	-	-	**1,021**	-	**(11,543)**	**(10,522)**
Balance at 31 December 2012	**237,531**	**7,541**	**1,692**	**(1,769)**	**(8,761)**	**236,234**

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

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

	Share Capital	Revaluation Reserve	Share based payment reserve	Foreign currency translation reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	**237,531**	**25,831**	**(44)**	**(925)**	**17,285**	**279,678**
Profit for the period	-	-	-	-	11,884	**11,884**
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(410)	-	**(410)**
Total other comprehensive income for the year	-	-	-	**(410)**	-	**(410)**
Transactions with owners recorded directly in equity						
Dividends paid	-	-	-	-	(11,543)	**(11,543)**
Share based payment transactions	-	-	273	-	-	**273**
Total transactions with owners recorded directly in equity	-	-	**273**	-	**(11,543)**	**(11,270)**
Balance at 31 December 2011	**237,531**	**25,831**	**229**	**(1,335)**	**17,626**	**279,882**

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

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	December 2012 $'000	December 2011 $'000
Cash flows from operating activities		
Receipts from customers	430,580	413,875
Payments to suppliers and employees	(408,585)	(404,905)
Dividends received	3,530	2,432
Other revenue received	182	529
Interest and other costs of finance paid	(4,130)	(4,520)
Income taxes paid	(1,858)	(5,255)
Net cash inflow from operating activities	19,719	2,156
Cash flows from investing activities		
Payments for property, plant and equipment	(13,750)	(6,352)
Payments for intangible assets	(426)	(234)
Proceeds from sale of non-current assets	-	2,359
Acquisition of business operations	(79,403)	(3,871)
Net cash (outflow) from investing activities	(93,579)	(8,098)
Cash flows from financing activities		
Share based payment transactions	(397)	(502)
Proceeds from borrowings	101,370	18,092
Repayment of borrowings	(110)	(554)
Dividends paid	(11,428)	(11,426)
Net cash inflow from financing activities	89,435	5,610
Net increase / (decrease) in cash held	15,575	(332)
Cash at the beginning of the financial year	7,228	13,247
Cash at the end of the half year	22,803	12,915

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

Notes to the financial statements
For the half year ended 31 December 2012

Note 1 – Basis of preparation of interim financial report

These condensed consolidated interim financial statements as at and for the six months ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, International Financial Reporting Standard IAS 34 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Ridley Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. Certain comparative amounts have been reclassified to conform with the current half year's presentation.

These interim financial statements were approved by the Board of Directors on 20 February 2013.

Except as described below, the principal accounting policies adopted in the preparation of these interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2012.

Estimates

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

In preparing these consolidated interim financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated statements as at and for the year ended 30 June 2012.

Changes in accounting policy

The following changes in accounting policy will be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2013.

(a) Land and buildings valuation

This interim financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to the valuation of land and buildings.

A new accounting policy was adopted on 1 July 2012 and has been applied retrospectively. The new accounting policy is that land and buildings are stated at cost or deemed cost less accumulated depreciation and impairment. The previous accounting policy was that land and buildings are measured at fair value, based on periodic, but at least triennial, valuations by external independent valuers.

The Group considers that the change in policy will result in the financial report providing more relevant and no less reliable information because it leads to asset values which more accurately reflect the nature and intended use of the assets and the way in which future economic benefits arising from the assets are expected to flow to the Group, thereby also improving reliability of measurement.

Notes to the financial statements
For the half year ended 31 December 2012

Note 1 – Basis of preparation of interim financial report (continued)

(a) Land and buildings valuation (continued)

Given that for most of the Group's properties, there is limited comparable sales information available due to their remote location, it was considered appropriate to change the accounting policy.

The policy change is also reflective of the fact that land and buildings are associated with core ongoing operations of the business (other than those held for sale which are separately accounted for under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*). The historical cost less depreciation model is also consistent with that adopted by the majority of companies operating in Ridley's agribusiness sector.

Following the policy change, the Group has decreased land and buildings by $17.1 million. The associated accounting entries are to decrease the historical uplift recorded in the Asset Revaluation Reserve by $12.1 million and to reduce the Deferred Tax Liability by $5.0 million, thereby ascribing the carrying value as at 1 July 2010 to be the deemed cost. The periodic revaluations to land and buildings have not been material since the transition to International Financial Reporting Standards (**IFRS**) on 1 July 2005.

The change in accounting policy had an immaterial impact on the condensed consolidated statement of profit and loss and earnings per share for the current and comparative periods.

(b) Operating segments

The Group has revised the operating segment disclosures. Refer to note 7.

Note 2 – Expenses

		CONSOLIDATED	
		December 2012 $'000	**December 2011 $'000**
Depreciation and amortisation – continuing operations		**4,658**	4,299
Finance costs:			
Interest expense		**3,773**	4,716
Amortisation of borrowing costs		**233**	108
		4,006	4,824

Other costs

The following costs have been included as other costs expensed in the Group's Consolidated Condensed Statement of profit or loss for the half year ended 31 December 2012:

Acquisition related costs	(a)	**3,146**	-
Divestment related costs		-	128
Impairment loss on Salt goodwill	(b)	**5,017**	-
Impairment loss on Dry Creek salt field	(c)	**14,741**	-
		22,904	128

Notes to the financial statements
For the half year ended 31 December 2012

Note 2 – Expenses (continued)

Other costs (continued)

(a) Acquisition related costs include an accrual of $2.4 million for stamp duty payable on the acquisition of the rendering business.

(b) An impairment loss of $5.0 million in respect of the goodwill that arose from the 2005 acquisition of Dry Creek has been recognised in the condensed consolidated statement of profit or loss.

(c) The Dry Creek Salt Fields were written down by $15.6 million during the period, of which $0.9 million represents a reversal of an amount against the Group Asset Revaluation Reserve with the balance resulting in an impairment loss of $14.7 million, which has been recognised in the condensed consolidated statement of profit or loss.

Dry Creek will be retained by Ridley after completion of the Cheetham Salt sale at the end of February 2013 and Ridley will continue to service the Penrice Supply Agreement whilst concurrently continuing to prepare for the redevelopment of the Dry Creek site. Ridley will actively pursue other development opportunities for the broader land holdings north of the Dry Creek operation which are not utilised in salt production.

Following the announcement of the sale of the Cheetham Salt business, an assessment of the carrying value of the Dry Creek salt field was required to be undertaken, based on its estimated fair value by external independent valuers. For the purposes of impairment testing, the salt field's carrying value has previously included an earnings attribution from a portfolio of customer contracts included in the 2005 Dry Creek acquisition. These contracts are currently serviced from Cheetham Salt sites other than Dry Creek and such contracts are included in the sale transaction. The impairment reflects the loss to Ridley of the value pertaining to these contracts and has been recorded as at 31 December 2012 given the high likelihood of successful completion of the sale transaction in the second half year.

Note 3 –Revaluations

The following revaluations were made in the half year, recognised in the following accounts:

	CONSOLIDATED	
	December 2012	June 2012
Reversal of Asset Revaluation Reserve (a)	**$'000**	$'000
Salt Fields	**29,529**	-
Deferred Tax	**(11,099)**	-
Asset Revaluation Reserve	**18,430**	-

(a) Due to the sale of Cheetham Salt Limited, $29.5 million of the Asset Revaluation Reserve attributable to salt fields was reversed in the half year ended 31 December 2012 in order to reflect the fair value attributable to the salt fields, with the tax relating to the salt fields within the Asset Revaluation Reserve recorded as a reduction in the balance of the deferred tax liability.

Notes to the financial statements
For the half year ended 31 December 2012

Note 4 – Discontinued Operations and Assets and Liabilities held for Sale

(i) Non-current assets held for sale

The Group has classified $2.6 million of assets as Assets Held for Sale relating to the proposed sale of the Ridley AgriProducts site at Dandenong and the former salt field site at Bowen. This classification follows the Group's commitment to sell these sites. The sale process for these sites commenced in the year ended 30 June 2012 and is expected to be completed within the next twelve months.

	CONSOLIDATED	
	December 2012 $'000	June 2012 $'000
Land and buildings	**2,622**	4,017

(ii) Disposal group held for sale

On 29 November 2012, Ridley announced the signing of agreements for the sale of Cheetham Salt Limited (**Cheetham**) for $150 million, payable fully in cash on completion. Given the expectation to proceed successfully to completion, Cheetham has been duly disclosed in this financial report as a discontinued operation. The sale transaction is subject to New Zealand Overseas Investment Office (**OIO**) approval and other customary sale conditions which are expected to be satisfied to facilitate completion on or around 28 February 2013.

Assets and Liabilities held for sale	**December 2012 $'000**	June 2012 $'000
Assets		
Receivables	**18,145**	-
Inventories	**20,580**	-
Property, plant and equipment	**65,204**	-
Investment in equity accounted associates	**50,253**	-
Intangible assets	**1,304**	-
Total Assets	**155,486**	-
Liabilities		
Payables	**9,181**	-
Provisions	**2,305**	-
Total Liabilities	**11,486**	-
Net assets	**144,000**	-

Notes to the financial statements
For the half year ended 31 December 2012

Note 4 – Discontinued Operations and Assets and Liabilities held for Sale (continued)

Statement of profit or loss for discontinued operation

The financial performance and cash flow information presented are for the period 1 July to 31 December:

	CONSOLIDATED	
	December 2012 $'000	December 2011 $'000
Results of discontinued operation		
Sales revenue	**51,497**	51,312
Cost of sales	**(41,346)**	(40,149)
Gross Profit	**10,151**	11,163
Other income	**12**	184
Expenses		
Selling and distribution	**(1,642)**	(1,593)
General and administrative	**(4,182)**	(4,938)
Transaction related expenses	**(2,219)**	-
Share of net profits of equity accounted investments	**3,576**	3,535
Profit from discontinued operation before income tax expense	**5,696**	8,351
Income tax expense	**(1,450)**	(2,505)
Profit from discontinued operation after income tax expense	**4,246**	5,846
Cash flows from discontinued operation		
Net cash (outflow)/inflow from ordinary activities	**10,716**	10,176
Net cash inflow/(outflow) from investing activities	**(5,228)**	(2,502)
Net cash inflow/(outflow) from financing activities	**(110)**	(585)
Net cash inflow	**5,378**	7,089

Note 5 - Dividends

Dividends paid during the half year

Final dividend paid: 28 September 2012 (2011: 30 September 2011) of 3.75 cents, fully franked (2011: 3.75 cents, unfranked) per share	**11,543**	11,543

The Directors have deferred any consideration of an interim dividend pending the successful completion of the sale of Cheetham Salt and consideration of the Company's ongoing cash generation and funding requirements.

Dividends not recognised at half year end

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

Notes to the financial statements
For the half year ended 31 December 2012

Note 5 – Dividends (continued)

In the prior half year, the Directors approved payment of an interim dividend of 3.75 cents, fully franked per fully paid share paid on 31 March 2012.

No foreign conduit income was attributed to the dividend.

Note 6 – Contingencies

A controlled entity which is part of the discontinued operation guarantees 50% of an associate's bank debt to a maximum of $590,000 (2011: $590,000).

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

Note 7 – Segment reporting

Change in Operating Segments

The Group has increased its operating segments from two to three, to include an additional segment for Property realisation. The Group continues to pursue value creation strategies for non-operating sites and management believes that the disclosure of this segment would now be useful to users of the financial statements. Comparative amounts have been adjusted accordingly.

Operating Segments

The Group has three 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 or how future economic benefits will be realised. 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 discontinued operations	Produces, refines and markets salt, and has investments in associated companies.
Salt continuing operation	Produces and sells salt to Penrice under a long term Supply Agreement
Property realisation	Realisation of opportunities in respect of surplus property assets.

The basis of inter-segmental transfers is market pricing.

Notes to the financial statements
For the half year ended 31 December 2012

Note 7 – Segment reporting (continued)

Disposal group and discontinued operations

The segment note presents the results of the Group based on continuing operations. An additional column has been presented which details the impact of the reallocation of the results of part of the Salt segment (the disposal group) to discontinued operations. Refer to note 4 for more information.

31 December 2012	AGRI PRODUCTS	SALT CONTINUING OPERATION	PROPERTY REALISATION	UNALLOCATED	TOTAL CONTINUING OPERATIONS	SALT DISCONTINUED OPERATIONS	ELIMINATIONS	TOTAL
$'000								
Sales - external	341,081	4,871	-	-	**345,952**	51,497	-	**397,449**
Sales - internal	-	-	-	-	-	1,307	(1,307)	-
Total sales revenue	**341,081**	**4,871**	-	-	**345,952**	**52,804**	**(1,307)**	**397,449**
Share of net profits of equity accounted investments	-	-	-	-	-	3,576	-	**3,576**
Interest expense	-	-	-	(4,006)	**(4,006)**	-	-	**(4,006)**
Reportable segment profit before income tax	**15,491**	**(17,859)**	**(552)**	**(11,467)**	**(14,387)**	**5,696**	-	**(8,691)**
Segment assets	329,632	47,843	5,808	27,870	**411,153**	155,486	-	**566,639**
Segment liabilities	106,840	364	-	211,715	**318,919**	11,486	-	**330,405**

\# Dry Creek will be retained by Ridley after completion of the Cheetham Salt sale and Ridley will continue to service the Penrice Supply Agreement.

Notes to the financial statements
For the half year ended 31 December 2012

Note 7 – Segment reporting (continued)
The 2011 segment reporting has been restated for the effect of Cheetham Salt being classified as discontinued (refer note 4).

31 December 2011	AGRI PRODUCTS	SALT CONTINUING OPERATION	PROPERTY REALISATION	UNALLOCATED	TOTAL CONTINUING OPERATIONS	SALT DISCONTINUED OPERATIONS	ELIMINATIONS	TOTAL
$'000								
Sales - external	322,272	4,723	-	-	**326,995**	51,312	-	**378,307**
Sales - internal	-	-	-	-	**-**	1,849	(1,849)	**-**
Total sales revenue	**322,272**	**4,723**	**-**	**-**	**326,995**	**53,161**	**(1,849)**	**378,307**
Share of net profits of equity accounted investments	45	-	-	-	**45**	3,535	-	**3,580**
Interest expense	-	-	-	(4,824)	**(4,824)**	-	-	**(4,824)**
Reportable segment profit before income tax	**14,900**	**1,665**	**(419)**	**(8,423)**	**7,723**	**8,351**	**-**	**16,074**
Segment assets	244,525	56,320	8,756	14,033	**323,634**	192,446	-	**516,080**
Segment liabilities	83,891	-	-	145,651	**229,542**	12,518	-	**242,060**

Notes to the financial statements
For the half year ended 31 December 2012

Note 8 – Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Profit	
			December		December	
			2012	2011	**2012 $'000**	2011 $'000
Discontinued Operations						
Jointly controlled entities:						
Western Salt Refinery Pty Ltd	Salt Production & Distribution	Australia	50%	50%	**154**	56
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production & Distribution	New Zealand	50%	50%	**1,875**	2,067
Associates:						
Salpak Pty Ltd	Salt Marketing	Australia	56%	56%	**1,407**	1,275
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	49%	49%	**140**	137
Share of net profits from equity accounted investments included in loss from discontinued operation					**3,576**	3,535
Continuing Operations						
Associates:						
Consolidated Manufacturing Enterprise Pty Ltd and Swanbrook Road Holding Trust	Aquafeed & dogfeed production	Australia	25%	25%	-	45
Share of net profits from equity accounted investments					-	45

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

Notes to the financial statements
For the half year ended 31 December 2012

Note 9 – Acquisitions during the period

On 31 December 2012, Ridley acquired the rendering business assets of BPL Melbourne Pty Ltd (**BPL**) and the associated Merino Street and Lincoln Street, Laverton properties of BPL Nominees Pty Ltd, for a total purchase consideration of $77.1 million.

BPL is Victoria's leading renderer of poultry and mammalian waste products. Following the March 2011 acquisition of New South Wales located Camilleri Stockfeeds, this transaction marks Ridley's entry into the Victorian rendering sector and is consistent with Ridley's strategy to secure the supply chain for strategic feed ingredients.

Identifiable assets acquired and liabilities assumed, and attributable goodwill

The following fair values have been determined by the Ridley Board of Directors following an independent review of plant and equipment undertaken by Steers Pty Ltd and of land and buildings by m3 Property Pty Ltd.

Inventory of finished goods has been fair valued at selling prices less the costs of disposal and an estimate of the reasonable profit margin for the selling effort of the acquirer. Leave benefit entitlements for all transferring employees have been assumed by the Group and appropriate adjustment made to accommodate this and the fair value of inventory.

The goodwill is attributable mainly to the rendering and blending skills of the BPL management and workforce together with the synergies expected to be achieved from integrating the business with both the Camilleri rendering business and the Ridley AgriProducts stockfeed business.

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

	$'000
Total Consideration paid in cash	**77,078**
Fair value of net assets of businesses acquired:	
Property, plant and equipment	37,456
Inventories	939
Prepayments	58
Employee entitlement provisions (tax effected)	(873)
Total net identifiable assets	**37,580**
Goodwill	**39,498**

Given the 31 December 2012 timing for completion of the acquisition, there are no contributions from the acquisition reflected in the determination of the half year operating result. Acquisition transaction costs of $3.1 million both paid and accrued have been expensed in the period, which include an accrual for stamp duty costs of $2.4 million.

Notes to the financial statements
For the half year ended 31 December 2012

Note 10 – Finance facilities

On 28 December 2010, a bank debt facility totalling $172.5 million was established with two Australian banks. The facility included a combination of term debt available to be drawn down in tranches, with a tenure of between two and four years. These unsecured bank loans were floating interest rate debt facilities subject to negative pledge arrangements which required the Group to comply with certain minimum financial requirements. The key covenant ratios under the facility were interest cover, debt cover, gearing and consolidated net worth.

On 21 December 2012, an Amendment Deed was signed, increasing the facility to $206 million and extending the two tranches with maturity dates of 29 December 2012 to 29 December 2014. The acquisition of the BPL rendering business on 31 December 2012 was funded via draw down against the amended facility and is reflected in the closing debt position as at 31 December 2012.

During the period from 21 December 2012 to the repayment of at least $80 million from the proceeds of the Cheetham Salt divestment as required under the amended bank debt facility arrangement, the four key banking covenants have been eased in the facility agreement to accommodate the incremental debt during this period until the disposal is completed. The Group is in compliance with these covenants.

Note 11 – Events occurring after the balance sheet date

On 17 January 2013 Penrice announced the signing of a Memorandum of Understanding to form a Joint Venture with a third party under which soda ash production at the Osborne, Adelaide chemical facility would cease by the end of June 2013.

The Dry Creek salt operation exclusively services the long term Supply Agreement with Penrice such that if the soda ash plant is closed, Penrice's requirements for salt will cease. The Supply Agreement is a 'take or pay' agreement to 2019 and both parties are working together to endeavour to reach a settlement arrangement to compensate Ridley for the envisaged early termination of the Supply Agreement.

The issues associated with the cessation of the contract and closure of the Dry Creek salt field are complex and extend beyond the operation of the land as a salt field. As at 31 December 2012, the value of Dry Creek debtors was $1.7m, inventory $11.9m, creditors and provisions $0.4m, whilst the carrying value of the salt field was $29.4m and property, plant and equipment $4.7m. Ridley will provide further disclosure on this matter as and when the consequences to Ridley in respect of future earnings, cash flows and impairments of the operations at Dry Creek are known and can be quantified.

Since half year end, severe flooding has been experienced in parts of Queensland which impacted the operations of the Bajool and Port Alma sites and caused some physical damage and inventory losses. The financial impact arising from these events is yet to be fully quantified and may be mitigated by insurance arrangements.

No other matters or circumstances have arisen since 31 December 2012 that have significantly affected, or may significantly affect:

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

Directors' Declaration

In the opinion of the Directors of Ridley Corporation Limited:

a. the financial statements and notes set out on pages 13 to 29 are in accordance with the Corporations Act 2001 including:

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

   ii. giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and

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

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

J M Spark
CHAIRMAN

J Murray
MANAGING DIRECTOR

Melbourne
20 February 2013

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

Report on the financial report

We have reviewed the accompanying half-year financial report of Ridley Corporation Limited, which comprises the consolidated condensed balance sheet as at 31 December 2012, consolidated condensed statement of profit and loss and consolidated condensed statement of comprehensive income/(loss), consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ridley Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

20 February 2013