

OUR PLACE IN THE FOOD CHAIN

Ridley sees its products as vital links in the human food supply chain. As a company we understand that we have a major responsibility to ensure absolute food safety and accordingly have put in place a range of initiatives that ensure the traceability of our products to our customers.



There is no greater imperative within Ridley than ensuring the safety of the products we supply. It dictates how we run our business, how we develop, apply and market our products and how we leverage expertise across the Group. It drives our initiatives in quality management, risk assessment and the strategic alliances that we are establishing with our customers and suppliers.

*We measure our **value...***

The same way our customers do.



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CHAIRMAN'S REVIEW

I am delighted to announce that this year our Company has enjoyed a significant upturn in its operating performance.



John Keniry, Chairman

To my fellow shareholders

F2001 was characterised by a significant rise in overall operating results. This was due primarily to the successful integration of Wayne Feeds into our US operations and the improved result from our Canadian operations. These positive operating results were offset in part by another negative year for our Cotswold operations. In Australia, Cheetham's profit was a little down on the previous year, but Ridley AgriProducts, after several unsatisfactory years, showed a turnaround in performance in the second half.

Overall, our sales revenue increased by 40% over the previous year, to \$1.4 billion. Our operating profit after tax but before significant items was \$24.5 million, up 79% on last year's result. Our profit after tax and significant items was \$12.1 million compared with \$14.5 million last year.

Directors have declared a final dividend of two cents per share fully franked payable on 30 October 2001. This brings the total dividend for the year to four cents per share fully franked.

As a result of another poor year in the UK and European operations of Cotswold, our pig genetics business, the Board has taken the decision to write-down the value of that investment. We have written off all the goodwill associated with the original purchase of the business and made some other rationalisation provisions. The total write-down is \$14.1 million, \$12.3 million of which relates to goodwill. The balance includes the cost of redundancies and the withdrawal from a number of research and development associated activities.

The write-down follows a period of significant losses incurred by the business, which was most recently adversely impacted by the outbreak of Foot and Mouth disease in the UK. The estimated cost of the outbreak totalled \$2 million to 30 June 2001. Cotswold's UK business has been restructured to cater for the UK domestic market and it is expected to trade at a break-even level in the coming year. On a more pleasing note, the North American operations of Cotswold made some good progress.

As a result of a significant restructure in our AgriProducts business and as part of a wider initiative to improve operating efficiencies and

profitability, a decision has been taken to close three small feed mills at Bomaderry in New South Wales, and at Clermont and Wondai in Queensland. This, together with other restructuring costs, has resulted in a further charge of \$3.7 million. The closure of these mills will have a small positive impact on future earnings.

Total write offs and restructuring costs for the year were \$17.8 million before tax and outside equity interests. We have made significant gains in reducing our gearing and are on target to reduce the level to below 75% (debt as a percentage of equity) by 30 June 2002. At 30 June 2001 gearing was reduced to 90% from 101% at the start of the year.

The year under review saw many important changes at both Board and Senior Management level. In November 2000 Matthew Bickford-Smith joined Ridley as Managing Director and Chief Executive Officer. Following this appointment, Ian Wilton joined us from CSR as our Chief Financial Officer in January 2001, and John Pearce from Western Mining Corporation took up the position of Group Risk Manager in February. All three bring considerable skills to the Company and we now have a senior management team with the necessary experience and expertise to consolidate and grow our business.

At Board level, Bob Seldon resigned at the end of the year to pursue other interests. I would like to take the opportunity to thank Bob for his valuable contribution to the Company over many years. I would also like to welcome our three new non-executive Directors, Professor Andrew Vizard who joined the Board in January 2001, Elizabeth Bryan, former Chief Executive of fund manager Axiom and Richard Lee, former Chief Executive of Rothschild Australia, who joined the Board in September 2001.

With a considerably strengthened Board and management team, Ridley can look forward to the coming year with optimism. We expect further gains in Ridley AgriProducts as we continue to see the benefits of the restructuring of that business, a substantial reduction in losses from Cotswold and further gains on the consolidation of our North American operations.

John S. Keniry
Chairman

MANAGING DIRECTOR'S REVIEW

The 2001 financial year was one of reshaping the business and realigning it with our core competencies. We examined each of our divisions to ensure they had the right people and allocation of resources to achieve their potential.



Matthew Bickford-Smith, Managing Director and Chief Executive Officer

Driving this review was the new management team that was put in place during the year. We rigorously reviewed all our businesses and senior management.

We substantially strengthened risk and quality systems. We set the ground rules as to how Ridley will conduct its business on a daily basis, and how the Company will make decisions about its future strategic direction.

Refocusing on our core competencies

In refocusing on our core competencies, we have recognised the inherent value of Ridley's two major businesses. Our salt business has high market share, strong pricing power and reliable cash flows, while our animal nutrition business is a significant global player.

Managing a business of this size in the current dynamic environment presents us with a range of challenges. The environment in which the global animal feed industry operates has changed dramatically over the past two years. With the emergence in Europe of Bovine Spongiform Encephalopathy (BSE), Foot and Mouth, the ongoing use of antibiotics in animal feed and the increasingly heated debate centred around genetically modified organisms, for the first time in our industry, feed is being considered as a vital part of the food chain. It is now crucial to adopt a whole new focus on quality and the environments in which we operate.

Together with this new focus on the feed industry, the agri-business sector continues to evolve, responding to a marketplace that demands the highest quality products at competitive prices.

Progressive livestock producers recognise that they are operating in a global environment, and, particularly in North America, are leading the movement to increasingly sophisticated and highly cost-effective feeds that reflect the latest research and development into animal nutrition. Remaining at the forefront in this industry requires modern and efficient production facilities capable of meeting the increasingly rigorous quality standards.

This has led to a rethinking internally of the need to develop core strategies that allow us to stay ahead of the game in the way we implement quality control, establish strategic alliances with our customers and control related risks. Some of these initiatives are outlined in more detail on the pages that follow my report.

A well positioned company

As it stands, Ridley is already well positioned in the markets in which we operate. In the salt business we are a market leader. In animal nutrition, we have the diversity that comes from being represented in three countries: Australia, USA and Canada. We have geographical reach and national presence in all three of those markets. In the US, where our business model is more geared towards nutrition and business solutions, we are at the forefront of product development with key strategic customers.

While manufacturing and distribution remain important parts of our businesses, increasingly the emphasis is shifting towards closer alliances with our customers, allowing us to better understand their needs in a changing environment.

The North American feed industry is well into the transition away from the use of complete feeds, which is where the majority of participants in the Australian market currently are, into nutritional high value-added supplements. In the US, the sheer size of the livestock industry affords the critical mass needed to allow this focus on value-added products.

In Australia, at present the focus remains on manufacturing and distribution of feed. The relative size of the population and the comparatively fragmented nature of the livestock industry makes the move towards higher value-added products more difficult. The challenges of operating in an environment with relatively low margins and strong competition from numerous smaller players are significant.

While the difference between the North American and Australian markets remains wide, Ridley's challenge is to draw synergies from our US operations and differentiate ourselves from our competitors in anticipation of a move in the Australian market towards business nutritional solutions.

Performance summary

In Australia, following a period of uncertainty in terms of direction and a lack of management focus, Ridley Agriproducts is now showing signs of a turnaround in performance. The results this year, while below the level of return on shareholder funds that we would like to see, are a pleasing improvement on last year and reflect the considerable effort that has been exercised in refocusing this business.

Cheetham Salt has consistently seen year on year earnings increases. Given the importance of this business to Ridley, it is worthwhile outlining why this happened. Like everyone else, we paid the price of a lower dollar and higher oil price which affected packaging, transport and distribution costs. We also continued to absorb small start-up losses in our Indonesian business, had a stock write-off and experienced some margin pressure due to increased competition. Each of these factors has received significant management attention and we are confident Cheetham Salt will return to the level of earnings seen in previous years.

In the US, Wayne Feeds which was acquired in March 2000, has been successfully integrated into Ridley Inc. Close to 90% of the expected benefits of the acquisition have been realised. The acquisition demonstrates Ridley's capacity to buy relatively large businesses, integrate them successfully and establish the correct strategic outlook that delivers results.

In Canada, our feed business showed strong growth in both EBIT and sales. During the year we further progressed the exit from our commercial swine operations, QSS. The wind down is well underway and we expect to be out of this business by June 2002.

4 The continuing disappointing performance of our pig genetics business, Cotswold, culminated in a loss this year of \$8.7 million before significant items. A large portion of these losses related to severe disease challenges in the UK business, the most recent of which were Classic Swine Fever and Foot and Mouth. Our North American business, which operates in a higher health environment and a significantly larger domestic market, suffered losses as a result of continued start-up costs and increased research and development costs. Following an extensive review, a decision was made to restructure both the management and operational aspects of this business. This should allow it to operate at a break-even level in the coming fiscal year.

Health, Safety and Environment

The health and safety of our employees is of paramount importance to Ridley. Good health, safety and environmental management also makes good business sense, particularly given that improvements in these areas lead to the better use of resources and reduced input costs.

To ensure ongoing compliance with health, safety and environmental issues, we have implemented a continuous improvement program comprising site-based and external verification audits. We undertake numerous activities to ensure our employees are protected from exposure to hazards. It is pleasing to note that performance measurements demonstrate that we are experiencing lower workers' compensation premiums than industry standard. Ridley also recognises that we can only continue to do business where the local community allows our presence, hence we place a high value on our community relations. Our objectives in the coming year will be to integrate the management of health, safety and environment into all aspects of our planning processes, improve

our data collection systems from lag to lead indicators, increase the knowledge and understanding of our employees and report on our accomplishments and activities to ensure transparency.

People

Ridley's position as an industry leader has been achieved thanks in no small part to the efforts of staff across the entire organisation. I would like to take this opportunity to acknowledge their efforts and thank them for their hard work and commitment.

Ridley places great emphasis on staff training in all areas of the organisation. In professional development, a strong focus has been placed on leadership, coaching skills and performance management, while ongoing training in sales, customer service, livestock and poultry management and feed manufacturing practices will ensure that our customers receive the highest quality products and services.

Our commitment to staff training and development reaped a welcome reward when one of our US mills won the title of "Most Improved Feed Mill" in the prestigious Feed Mill of the Year contest and another was honoured as a semi-finalist. The contest is sponsored by the American Feed Industry Association and Feed Management magazine. This is the second consecutive year that one of our mills has received either first or second place in this contest.

Outlook

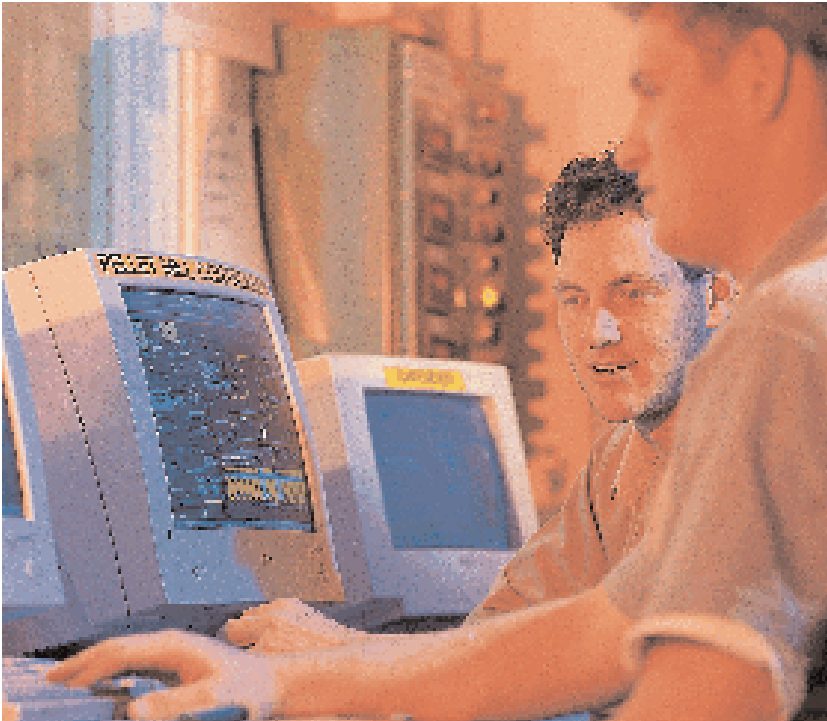
Restructuring and capital project improvements aimed at increasing efficiency have been important to our positive performance in fiscal 2001. Continued support and focus on our sales and production areas, combined with research into new product development and existing product effectiveness, will help ensure our continued success.

We are committed to increasing shareholder returns over the coming year. To this end, our aim is to grow our leading market positions by working more closely with our customers in the belief that if they succeed, we succeed. This philosophy will be the driver for us to establish ever better standards and business practices.

We look forward to the coming year with confidence, believing that growth will be built on the solid foundation of investments we have made during the past two years to increase production efficiency, enhance the skills of our people and assure best practice in product quality and safety.

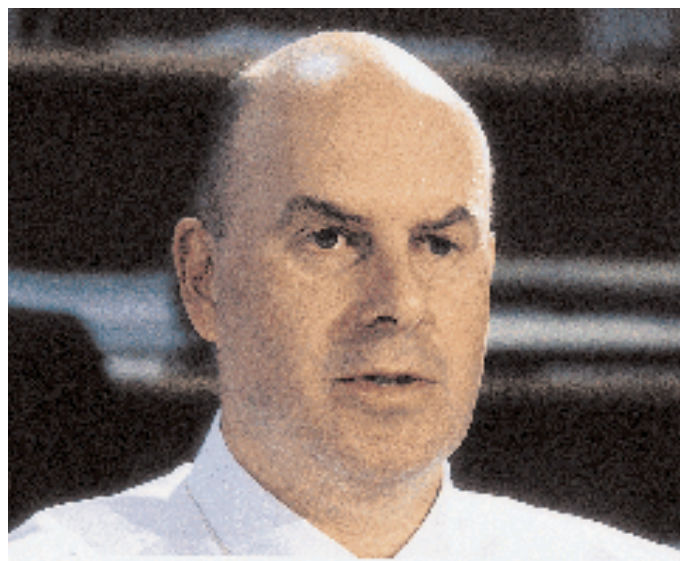
Matthew Bickford-Smith

Managing Director and Chief Executive Officer



CHIEF FINANCIAL OFFICER'S REVIEW

We are focused on strengthening the Company's Balance Sheet through debt repayment and prudent capital management.



Ian Wilton, Chief Financial Officer

Earnings Performance

Net profit for the year ended 30 June 2001 totalled \$12.1 million. This represents a 17% decline compared to last year.

Earnings before significant items were \$24.5 million, 79% higher than last year. Components of this year's profit versus those of the prior year are set out in the table below.

| | 2001 \$000 | 2000 \$000 |
|---------------------------------|---------------|---------------|
| Sales Revenue | 1,378,790 | 986,534 |
| EBIT | 69,627 | 43,414 |
| Less: Borrowing Costs | 21,797 | 17,375 |
| Operating Profit before Tax | 47,830 | 26,039 |
| Less: Tax Expense | 17,831 | 11,206 |
| Outside Equity Interests | 5,501 | 1,119 |
| | 24,498 | 13,714 |
| Significant Items gain/(loss) | (17,818) | 180 |
| Add: Tax Benefit | 1,278 | 386 |
| Outside Equity Interests | 4,134 | 228 |
| | (12,406) | 794 |
| Operating profit/(loss) | | |
| After tax and significant items | 12,092 | 14,508 |

EBIT (Earnings before Interest & Tax)

The full year contribution from Wayne Feeds, together with a significant improvement in the Canadian feed operations led to EBIT from operations being \$26.2 million higher than last year. Earnings from the block business in North America also improved.

Significant Items, which totalled a loss of \$17.8 million in 2001 compared to a gain \$0.2 million in 2000, reduced the overall net earnings to \$12.1 million, \$2.4 million lower than last year. Operating losses in the Cotswold pig genetics business before write-downs, totalled \$8.7 million, \$3.8 million of which was directly related to disease outbreaks in the UK. Earnings from our overseas operations benefitted from the weak Australian dollar.

The salt business earnings were down 9% on the previous year, due to cost increases, small margin decreases, and losses in Indonesia of \$0.4 million, as this business commenced full operations.

Interest Expense

Average borrowing costs including convertible note interest for the year were 8.3% (last year 7.5%).

Average debt levels for the year were \$24 million higher than last year. Interest expense at \$26.1 million was \$5.7 million higher than last year. Borrowing costs, net of interest income and bank fees, totalled \$21.8 million.

Income Tax

Total income tax of \$16.6 million averaged 55% of pre tax earnings. Non deductible items (particularly the goodwill write off) and losses in Cotswold not being tax effected were the major contributors to the rate being above the prima facie level of 34%.

Significant Items (pre-tax) for the year comprised:

| | \$M |
|---------------------------------------|------|
| Cotswold UK goodwill write-off | 12.3 |
| Cotswold UK restructure | 1.8 |
| Australian AgriProducts restructuring | 3.7 |
| Total | 17.8 |

Debt

Our focus on the repayment of debt led to gearing reducing to 90% - down from 101% a year earlier. Total debt including convertible notes, net of cash on hand and on deposit, was \$292 million at 30 June 2001, a decrease of \$14 million on the previous year. \$44 million of net debt was repaid during the year however, debt reduced by only \$14 million due to the translation of debt denominated in overseas currencies.

In summary, the balance of the decrease in net debt comprised the following:

| (Outflow)/Inflow | \$M 2001 | \$M 2000 |
|--|-------------|-------------|
| Acquisitions | - | (61.7) |
| Capital Expenditure Program | (12.9) | (30.1) |
| Divestment of investments/businesses | 6.1 | 17.5 |
| Cash from profits | 60.6 | 42.2 |
| Changes in working capital | (0.9) | 13.6 |
| Cash dividends paid | (8.4) | (12.5) |
| Net decrease/(increase) in debt for year (excluding exchange translation) | 44.5 | (31.0) |

Earnings before Interest and Tax \$M

| | |
|------|------|
| 2001 | 69.6 |
| 2000 | 43.4 |
| 1999 | 46.8 |
| 1998 | 54.2 |
| 1997 | 37.1 |

Interest Cover

| | |
|------|-----|
| 2001 | 3.8 |
| 2000 | 3.4 |
| 1999 | 4.6 |
| 1998 | 5.6 |
| 1997 | 5.8 |

Gearing %

| | |
|------|-------|
| 2001 | 89.6 |
| 2000 | 101.3 |
| 1999 | 108.8 |
| 1998 | 75.0 |
| 1997 | 122.8 |

Net Profit \$M

| | |
|------|------|
| 2001 | 12.1 |
| 2000 | 14.5 |
| 1999 | -7.2 |
| 1998 | 15.3 |
| 1997 | 20.0 |

Gearing

| | 2001 | 2000 |
|---|-------|--------|
| Total Liabilities/Total Tangible Assets | 67.5% | 69.2% |
| Net Debt/Shareholders' Equity | 89.6% | 101.3% |
| Net Debt/Gross Cash Flow (EBITDA) | 3.0 | 4.5 |
| EBITDA/Interest Paid | 3.8 | 3.4 |

EBITDA = Earnings before interest, tax, depreciation and amortisation.

We are in the process of finalising the details of a new global banking facility with a group of five international banks. Sufficient funds will be available under the new facility to refinance the existing debt and to redeem the convertible notes when they mature in December 2002. In the medium to longer term, this new facility will lead to reduced borrowing costs. Lower margins will be charged as debt levels are reduced.

Exchange Rate

Overseas earnings are translated into Australian Dollars at an average weighted exchange rate for the year. The Statements of Financial Position are translated at the ruling year-end rate. Major exchange rates applicable were as follows:

| | | 2001 | 2000 |
|-------------------|------------|-------|-------|
| Weighted average: | C\$: A\$ | .8135 | .9325 |
| | US\$: A\$ | .5332 | .6273 |
| | £Stg : A\$ | .3682 | .3939 |
| Year end rates: | C\$: A\$ | .7723 | .8880 |
| | US\$: A\$ | .5075 | .5985 |
| | £Stg : A\$ | .3603 | .3943 |

Issued Capital Movements

During the year, 1,839,098 shares were issued for a consideration of \$1.2 million under the Dividend Reinvestment Plan.

Shares in Listed Subsidiary

During the year the Company purchased 300,000 shares in Ridley Inc., a Canadian listed subsidiary. Purchase of the shares lifted the Company's shareholding to 9,393,430 shares or 70.4% of the issued capital of Ridley Inc.

Convertible Note Buy Back

In the second half of the year under review, the Company repurchased 2 million of its listed \$2 face value convertible notes, at \$1.87.

Financial Risk Management

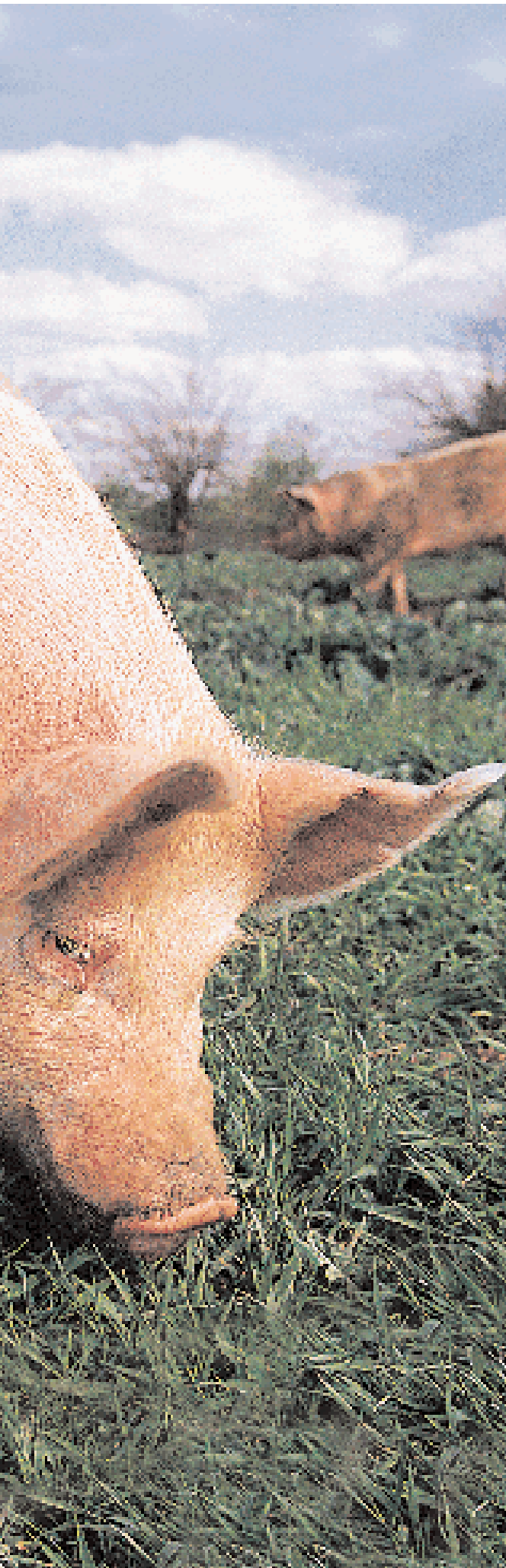
The Board of Directors, through management, seeks to minimise risk to our earnings and assets.

- **Interest Rate Risk:** At 30 June 2001, approximately \$122 million of debt was subject to a fixed rate of interest for periods between one year and three years. The level of cover is reviewed with the aim to maintain a spread of interest rate maturity periods.
- **Currency Risk:** Wherever possible we borrow in the currency of the country where we have substantial operations. Exposure is thereby limited to the net asset investment in that country. Currently, this applies to Canada, USA and the United Kingdom. Movements in currency, as they affect the translation of the overseas net assets, are transferred to the Foreign Currency Translation Reserve. Transactional exposures are generally covered at the time a commitment is made or when the liability occurs.
- **Commodity Risk:** The Group purchases various raw materials on a global and domestic basis. Approval levels and the forward purchasing of raw materials are monitored and restrictions placed on the length of forward ordering and stock holdings. Generally raw material cannot be purchased more than six months in advance of immediate need without approval of the Board of Directors.

Ian Wilton
Chief Financial Officer

STRATEGY IN ACTION
RIDLEY INC.





Bob Gallaway, President and Chief Executive Officer Ridley Inc.

Hubbard Feeds, our US animal nutrition business headquartered in Mankato, Minnesota, enjoyed a successful year, capitalising on a generally favourable economic climate, the successful integration of the Wayne Feeds business, and the solid foundation for growth that was established in the previous financial year.

9

Hubbard saw substantial growth in both volume and earnings. Sales volume in tons was 35% higher and EBIT of \$42.8 million increased 104% over fiscal 2000. The Wayne acquisition and good sales activity saw Hubbard attaining substantial growth in volume and market share in every major sector. However, dramatically higher energy costs, compounded by colder weather throughout Hubbard's peak volume months, led to significant increases in production costs.

Although mixed, production economics in the meat, milk, and egg sectors served by Hubbard Feeds were generally favourable. Feed commodity prices remained low throughout the year, supporting producer margins and profitability in all sectors.

A colder winter, combined with continuing strong beef prices, increased the demand for beef cattle feeds. Pork production showed stability, with most producers operating above break-even throughout the year. Low milk prices throughout most of 2001 led to consolidation in the dairy sector. Milk prices improved substantially as the year came to a close. Overproduction in the egg or layer sector resulted in losses among most egg producers. The companion animal, or horse, dog, cat and show feeds segment, continues to be largely unaffected by production economics.

Undoubtedly, the year's most significant accomplishment was the integration and consolidation of Wayne Feeds' operations with those of Hubbard, which generated significant operating synergies. The Chicago-based headquarters for Wayne Feeds was closed in September 2000, and the administrative functions absorbed into Hubbard's, Mankato headquarters. Three manufacturing plants, located in Fremont, Nebraska; Coralville, Iowa; and Janesville, Wisconsin were closed and production shifted to other Hubbard plants. The field management

teams and the field sales force were restructured and streamlined early in 2001. All administrative functions at the remaining 10 Wayne Feeds plants were converted to Hubbard systems.

The result was a significant reduction in overhead, administrative, field management, sales and marketing expenses. The plant consolidations also significantly improved capacity utilisation and production efficiencies. More importantly, we took advantage of the integration process to restructure many aspects of our operations to enable us to compete better in the future.

Although integration activities dominated the year, there were other significant accomplishments as well. For example, we became the first major full-line US animal feed manufacturer to gain ISO 9001 registration. We undertook two major capital expansion projects, at the Sioux City, Iowa and Appleton, Wisconsin facilities. The Sioux City project included the addition of a new bulk receiving facility, while the Appleton plant project included expanded bulk receiving and load-out capabilities. These projects were implemented to increase production capacity, improve operating efficiencies, and to help absorb volume from the plant shutdowns at Fremont, Coralville, and Janesville.

10 We also entered into a new joint venture with Farmway Co-op Inc. located in Beloit, Kansas. Under the agreement, Farmway manufactures and Hubbard markets Hubbard-branded feeds to Farmway's retail operations and to other Hubbard dealers throughout Kansas. The joint venture is expected to have a positive impact on our earnings and growth in the years ahead.

The acquisition of Wayne Feeds brought to Hubbard a unique manufacturing facility located in Mendota, Illinois. The Mendota facility is a highly specialised plant with liquid blending and drying, form fill and seal, premix blending, and medicated blending capabilities. It holds more than 30 NADAs (new animal drug applications) which permits it to manufacture a variety of products for several major raw material suppliers.

In addition to custom manufacturing, the Mendota plant markets a wide variety of products used in further manufacturing by regional manufacturers, Hubbard Feeds, other Ridley plants, and large integrated meat, milk, and egg producers.

The Mendota operation has also carved out a unique niche in the egg production segment. A team of four poultry specialists and a PhD poultry nutritionist provide premixes and/or nutrition and management consulting services to a significant portion of the US layer hen market.

During 2001, the Mendota operation began doing business as 'Ridley Feed Ingredients'. This is the first of several steps that will reposition the Mendota operation for growth in the feed ingredient market.

One of the cornerstones of the Ridley Group's long-term strategy is to continue to add value through the development of proprietary nutrition technology for meat, milk, and egg production, and for companion animals.

We have made significant strides in the achievement of this objective. For example, our technical team at Hubbard, grew to 30, with the majority holding doctorates and masters degrees in a variety of specialties covering all major species segments from swine, dairy and beef to poultry, and companion animals. This team is responsible for designing and conducting research trials, new product development, training, and providing consulting and support services for customers.

Canadian operations

Our Canadian operations manufacture and market feed primarily under the Feed-Rite brand, but also under the Quality Feeds and Macleod Feeds brands in Alberta, under Farmix in Ontario, and Daco Western Canada in Alberta and Manitoba. The operations comprise 15 feed manufacturing facilities, seven retail stores and the Quality Swine Systems' commercial swine production unit.

Our feed operations rebounded strongly, taking advantage of our competitive strengths to record increased volumes, higher margins and a 45% increase in earnings. EBIT was \$12.3 million on sales of \$185.4 million in 2001, compared with fiscal 2000's EBIT of \$8.5 million on sales of \$143.3 million.

Overall volume growth of 11.1% came from an increase in market share through the addition of significant new customers, and greater sales to existing customers. The larger sales volumes improved plant capacity utilisation, helping to increase plant efficiency, a key factor in offsetting the significantly higher energy costs experienced over the past year. Fiscal 2001 also saw a rise in prices for feed ingredients, leading to an increase in feed prices for livestock producers. As one of North America's largest purchasers of feed ingredients, Ridley is able to leverage its purchasing power and buy feed ingredients at highly competitive prices, to the advantage of its customers.

Hog feed sales volumes increased by 13%, reflecting improved economics for hog production generally, and a rapid expansion of hog production in Manitoba and Saskatchewan. Feed-Rite has been successful in capturing a significant portion of this increasing market. Poultry feed sales volume increased by 8%, with the improvement coming primarily in Saskatchewan and the northern United States. The return of more normal winter weather on the prairies, a dry spring in Alberta and development of a new beef feed program helped Feed-Rite to generate a modest increase in beef feed sales. Sales volumes for other feed categories changed only marginally.

In addition to our livestock feed business, our Canadian operations also encompass Quality Swine Systems, a business that we expect to exit by June 2002. During fiscal 2001 QSS continued to report operating results that were significantly improved over the previous two years, thanks primarily to more stable prices for market hogs.

Ridley's large team of nutritionists and species specialists continues to be involved in providing such customers with a range of services, including advice on nutrition, feeding equipment and animal husbandry.



Feed-Rite has the capacity and technical expertise to provide such producers with the micro-nutrient premixes required in a sophisticated nutritional program. This developing trend will, over time, lead to reduced demand for complete feeds, but Feed-Rite is well placed to substitute the complete feed sales volume with a revenue stream based on a broader package of value-added services.

As part of our program of combining industry-leading research and development with continual upgrades to facilities to improve productivity, customer service, quality and efficiency, we replaced our feed mill in Grunthal, Manitoba during the year.

Grunthal, which serves livestock feed markets in south-eastern Manitoba and northern Minnesota has been experiencing increasing sales volumes and opportunities for additional growth that the existing plant could not accommodate. As part of a facilities upgrade, the existing Grunthal mill was demolished and a new mill with a 50% larger annual capacity was built on the site. The new Grunthal mill gives us the ability to meet rapidly growing demand for livestock feed - particularly in hogs and poultry - while streamlining production throughput, lowering operating costs, and enhancing the Company's ability to produce a wider range of high-quality feed products.

Significant upgrades were completed at other Feed-Rite mills as well, particularly at Manitou, Manitoba and in Linden and Lacombe, Alberta, with a view to improving the facilities flexibility, productivity and responsiveness to customer requirements.

Ridley Block operations

Ridley Block Operations continued to lead the low-moisture block market. This position resulted in record-setting income and production levels, and was sustained through a focused commitment to excellence in customer and dealer service, along with strong research and development activity.

There was a significant increase in the number of new customers who began using Ridley low-moisture blocks, while existing customers increased their use of the products as well. In addition, new applications for our products were found and implemented.

In particular, a new record was established in sales and production tonnage of low-moisture feed supplement blocks, with a 20% increase in fiscal 2001 over the prior year. This represents the fourth consecutive year of increases in tonnage. Ridley Block Operations products, including the well-known CRYSTALYX® Brand Supplements, Rite-Lix® in Canada and the private labels we work with across North America, led the growth in the market for low-moisture blocks. The demand was met by coordinating production efforts at our four plants in Worthington, Minnesota; Whitewood, South Dakota; Stockton, California; and Buffalo, Texas. Three of these plants had a record tonnage year.

For the fourth consecutive year, Ridley Block Operations also not only met, but exceeded, its income target, with EBIT increasing by 20%. Three of the plants also reached all time records in income this year. A key part of the success of the year was the targeted

marketing campaigns for our customers. These created a strong product awareness and increased demand in the marketplace.

Research has helped create the market advantage our products enjoy. New research projects, including work on new applications, will continue to contribute to building the lead. Global Positioning Satellite studies continue to reinforce the effectiveness of our low-moisture block products as range management tools. Now, Ridley Block Operations is part of a new four-year \$1.3 million study, funded through the USDA, that will continue to evaluate range management issues.

Research work in the range management area has been ongoing for several years. This work has led to the issuance of Patent #6244217 - *A method of expanding grazing range and an animal feed supplement therein*. We also anticipate other possible patents being issued as a result of the low-moisture block research we have been conducting.

The tonnage and income records we achieved in fiscal 2001 were established in the face of increased ingredient costs, rising energy prices and the negative media coverage and public perception surrounding BSE and Foot and Mouth disease.

The BSE and Food and Mouth calamities presented major public relations challenges for everyone in the industry. We met these challenges head-on by continuing to emphasise our ingredient profile, one that contains no meat or bone products, and hasn't since June 1997. This trend was continued in July of this year, when Ridley Block Operations made the change from choice white grease, as a fat source, to hydrolysed vegetable oil.

Cotswold operations

After two years of depressed pig prices, followed by severe disease challenges, the most recent being Classic Swine Fever and Foot and Mouth disease in the UK, our Cotswold operations suffered significant losses of \$8.7 million. Disease-related losses amounted to \$3.8 million, of which \$2 million was directly related to the outbreak of Foot and Mouth in February 2001. Although none of our pigs were directly affected, severe restrictions on the movement of livestock within the UK and cessation of all exports created an extremely difficult trading environment.

Despite a higher health status and access to a larger market, our North American operations were weighed down by start-up and increased research and development costs.

In May 2001, a strategic review of the business was commissioned. Following on from this review it was decided to consolidate the Canadian and US divisions into one business and establish a new headquarters near Ridley's North American headquarters in Mankato, Minnesota. This will allow Cotswold to take advantage of Ridley Inc.'s corporate infrastructure and enhance our ability to develop, produce and distribute quality products across America.

The results in our European operations have led to a write off of all of the goodwill associated with the UK business. This business has been downsized and now specifically focuses on the UK domestic market.



Competitive environment

Consolidation among the producers of meat, milk, and eggs has been an ongoing trend in the US for decades, and continued during the year under review. Over the last decade or more, this trend has forced the feed and nutrition industry to make significant changes to adapt to the changing needs of producers. In recent years, the trend has led to rapid consolidation among our major competitors and this past year was no exception.

Like the acquisition of Wayne Feeds by Hubbard, these mergers and acquisitions were driven by a need to reduce excess manufacturing capacity, increase raw material purchasing power, broaden dealer and distribution networks, reduce overhead expenses and invest more aggressively in new technology.

We are well positioned to compete in this new environment. With the Wayne acquisition, the Company has enough critical mass to enjoy the purchasing power and other operating synergies to compete with the industry's major companies. It has improved capacity utilisation, and continues to invest in the automation and maintenance of its manufacturing plants. Overhead expenses have been reduced, and the Hubbard dealer network now includes more than 1,300 independent dealers.

The strong results of Ridley's Canadian operations came against a backdrop of continued livestock industry consolidation. Nowhere is the consolidation more evident than in the hog industry, which is rapidly transforming from a large number of small-scale operators, to a smaller number of large-scale commercial producers.

Consolidation has impacted the industry in several ways. First, many of these operators have established close relationships with feed manufacturers who have been instrumental in helping them transition to larger production units. Second, as livestock producers increase in size and their industry becomes increasingly competitive, they demand superior feed conversion results and more advanced feed products. Third, some of these larger livestock and poultry producers have integrated a feed production facility into their operations for their own use.

These conditions create a highly competitive environment, with feed manufacturers striving to increase market share in a market featuring a smaller number of customers, but where each customer is of increasing importance. We believe that Ridley will compete successfully in this environment. Our advanced manufacturing processes, focus on customer service and ability to provide science-based nutrition programs for livestock producers that are both effective and cost-efficient will allow us to retain its leadership position.

Future outlook

In our US business Hubbard Feeds, the year under review was one of significant change and accomplishments. With the integration of the Wayne Feed operations, the restructure and cost-cutting in many of our operating areas, expansion of our trade area into Kansas, and repositioning of the Mendota business unit as Ridley Feed Ingredients, the business is well positioned for the future. With favourable production economics and clear focus on the strategy and plan, Hubbard is poised once again for further growth in fiscal 2002.

The coming year will bring challenges and opportunities for our Ridley Block Operations. We believe that there are still many opportunities to introduce more producers to our low-moisture blocks and intend to grow the business to meet the demands of the marketplace.

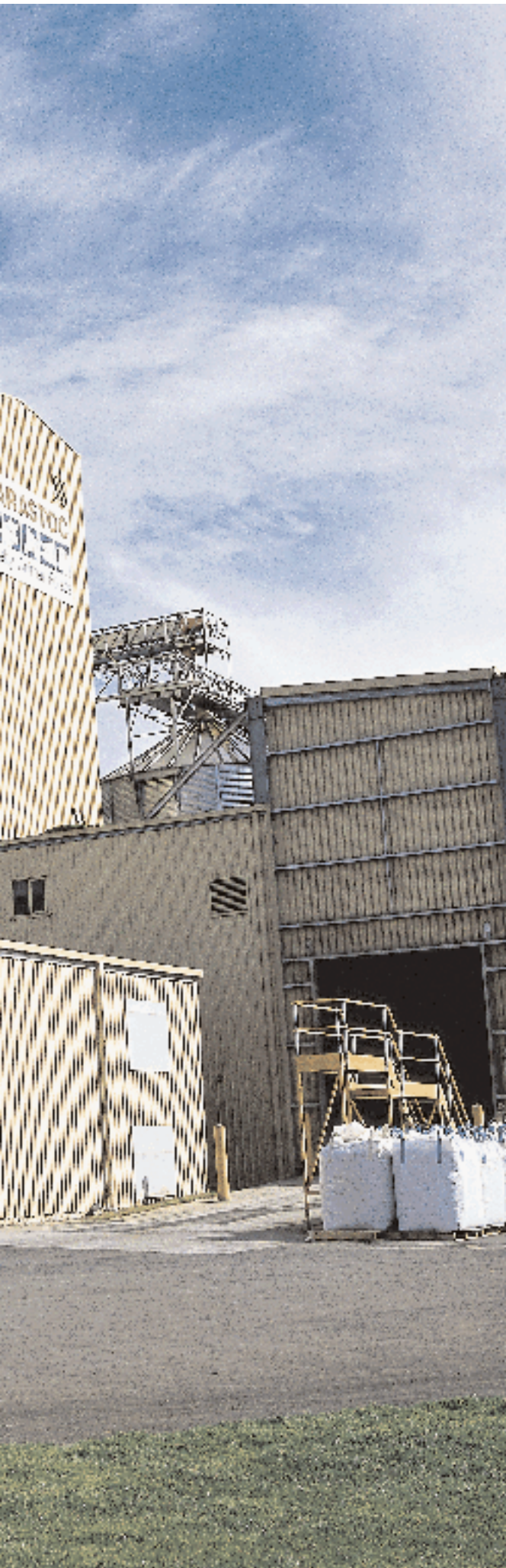
In our Canadian operations, Feed-Rite will continue to emphasise its core strengths of quality, customer service and efficiency and will be aggressive in pursuing additional market share. The stable economics of livestock production that we saw during the year should continue in 2002. The process of consolidation in the livestock industry should prove beneficial to Feed-Rite as it will be able to leverage the purchasing power advantages and overall R&D capabilities of the Ridley Group to meet the requirements of large commercial livestock producers.

STRATEGY IN ACTION

RIDLEY AUSTRALASIA

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Bill Poynton, Managing Director and CEO Ridley Australasia

Ridley's Australasian operations comprise Ridley AgriProducts, the Australian animal nutrition business and Cheetham Salt.

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The management of the Australasian operations was restructured early in the financial year, with Ridley AgriProducts and Cheetham Salt being brought together under the management of Bill Poynton. Following this appointment in August 2000, the AgriProducts business was refocused. In the second half of fiscal 2001 the management team was strengthened with the external appointments of Chief Financial Officer Michael Manson, National Purchasing and Logistics Manager Andrew Kelso and National Manager Bulk Products Brett Price.

Ridley AgriProducts

The year saw a turnaround in the performance of this business. After a significant restructuring at the end of the first half, EBIT improved with the year ending 26% up on last year to \$12.4 million (before restructuring costs). Total sales volume rose 14% to 1.46 million tonnes.

In December, the business was restructured from its previous geographical structure to a market-focused structure. This change has been designed to bring priority to quality and specific market segments, together with maintaining a close eye on operating efficiencies. In addition to these benefits, the business has been able to operate with fewer employees.

The restructure has emphasised better business practice and synergies rather than wholesale closure of facilities. Besides the closure of three small mills, no major facilities have been, or are, earmarked for closure. Our broad spread of mills offers diversity, geographic reach, increasing flexibility and growth opportunities.

While our sales to the pig sector increased during the year as a result of an improvement in the industry, poultry sales remained reasonably flat. The layer industry continues to show signs of decline, however the beef industry as a result of the weak Australian dollar facilitating strong export growth, is again on the rise and Ridley is growing sales in this market.

Quality management

A strong emphasis during the year has been placed on all issues relating to quality. Quality management is now under the responsibility of a National Business Development/R&D Manager, who, together with a team of five, coordinates quality management nationally for the business.

We have implemented a national customer complaint and mill non-conformance reporting system to properly record, track and respond to quality failures within the business. The system is fully computer-driven, from logging of quality failures through to automated notification to responsible people and tracking each item through to completion. Associated with this are major programs of process improvement, which are crucial to improving quality performance within the business.

A key component of our new Feed to Food quality program is a monthly newsletter that goes to all staff nationally to inform them of the important events in quality management happening within the business.

Competitive environment

Major changes have occurred - and are continuing - in the dairy industry as a result of deregulation. Some dairy farmers in Queensland and New South Wales are exiting the industry and this has impacted on mills in those areas. However in Victoria, where Ridley has a good spread of operations around the prime dairy areas, deregulation has had a positive influence and we are taking advantage of the growth in this sector.

Cheetham Salt

Cheetham Salt reported an EBIT of \$19.7 million. Earnings were down 9% against last year's record result.

Sales of refined salt to the domestic market were unchanged, however we did experience a change in the sales mix. Sales of salt to the pool industry were down over last year due to unfavourable weather conditions. This was offset by strong demand from the hide and sheepskin markets, although strong competition in this high volume, low-margin area prevented us from recovering the US Dollar influenced higher costs of chemicals, energy, packaging materials and freight.

Sales of local bulk salt fell 11%, largely as a result of the timing of salt shipments and the loss of one bulk customer to a competitor. Bulk industrial exports rose 150% to 358,000 tonnes, largely to Asia. This was due to an abnormal shortfall of production from northwest Australia. Whilst this demand is unusual - and unlikely to be repeated in the near term - it has allowed Cheetham to reduce its working capital, provide a modest contribution and establish itself as a reliable quality supplier to the region.

In addition, refined salt exports rose 52%. These sales were largely to Japan. Cheetham is the largest non-bulk salt supplier to Japan and is closely monitored in this restricted market. Other markets were developed in the Middle East.

Indonesia

Through our wholly owned subsidiary PT Cheetham Garam, we built a small refinery in Cilegon, west of Jakarta and began operations in January. The start-up costs during the first half of the financial year incurred a loss of \$0.4 million. The business is now profitable and selling at expected levels.

Associated entities

Cheetham Salt's associated entities produced strong results this year. In New Zealand, our 50% owned Dominion Salt produced an equity profit of \$1.9 million, up 19% due to the full-year benefits of increased direct sales and market share as a result of joint strategies developed with Cheetham Salt.

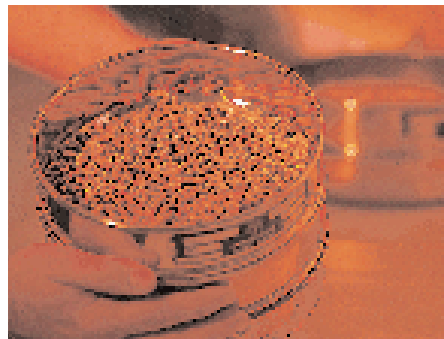
Salpak, our 49% owned Australian consumer salt arm, produced an equity return of \$1.4 million, up by 29% on last year, due to increased supply chain efficiencies and increased growth of both branded and generic market shares.

Western Salt Refinery (50% owned) equity return fell 33% to \$0.2 million as a result of increased operating costs and loss of an export market in Mauritius.

Future outlook

The restructured Ridley AgriProducts, with its focus on quality, customer support, efficiency and broad spread of operating facilities, is well placed to take advantage of opportunities that will flow from expected changes in the Australian agricultural sector. The growing levels of profitability over the second half of this year are testament to a bright future.

Our salt business' commitment to customer service through our ISO 9002 and HACCP systems will continue to improve our competitive position in Australia. While we do not expect to maintain the bulk export sales volumes achieved this year, the experience and linkages forged should allow us to grow profitably on a lower sales base.



INITIATIVES IN RISK MANAGEMENT



John Pearce, Group Risk Manager

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What it means to our business

Managing risk has become central to Ridley's business philosophy. In February this year we appointed a Group Risk Manager in recognition of the fact that maximising shareholders' returns means minimising our exposures to undesirable outcomes.

How we are applying it

Risk Profiling: Risk profiling is a systematic process of assessing the Company's risks, including the risks of not achieving the desired business plan outcomes. Through profiling we are reviewing potential causes and consequences of losses, the adequacy of controls and the quantity and quality of information available to monitor the control environment.

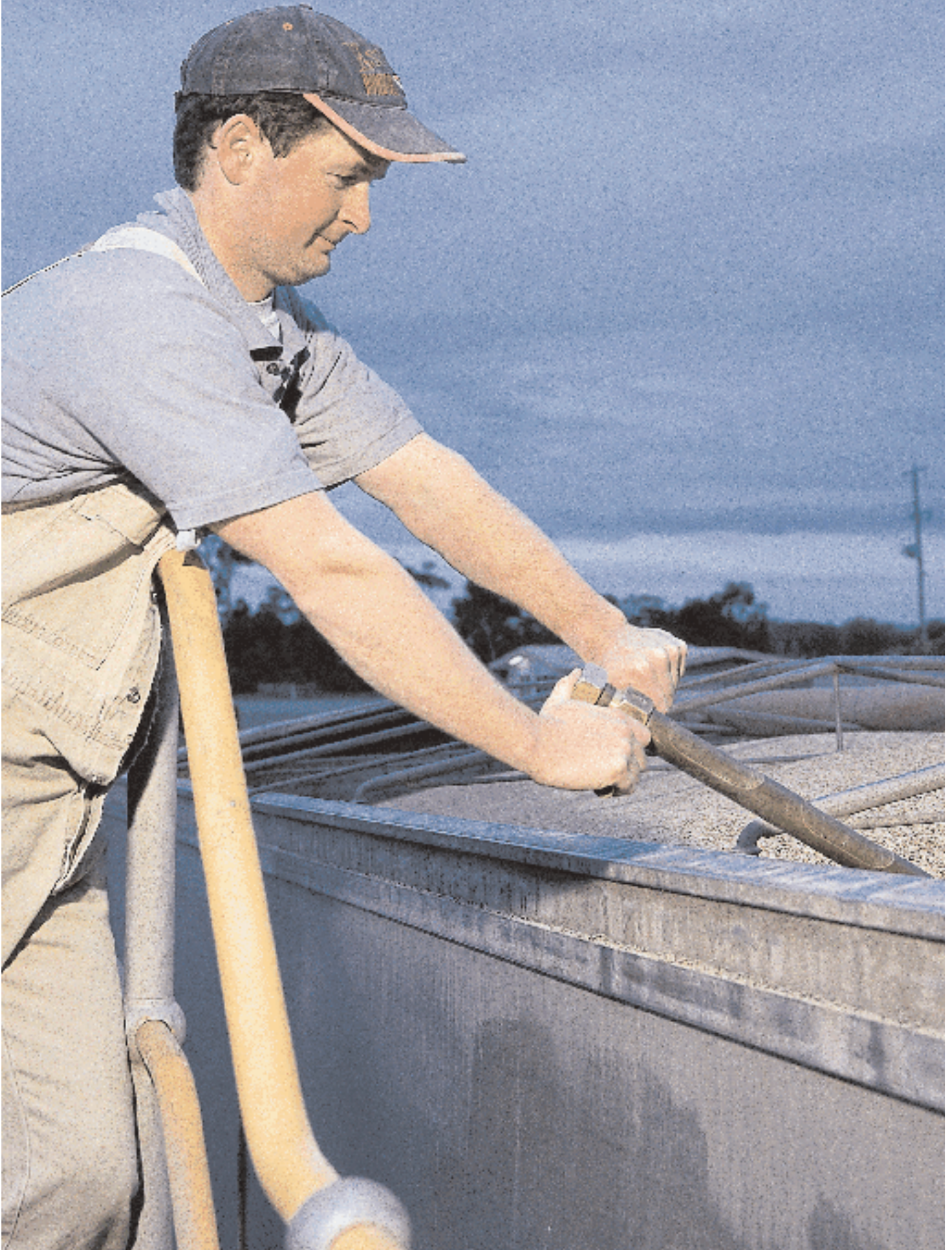
Liability Management: In addition to our internationally recognised world-class quality assurance program and accreditation standards, we continue our search to further reduce any such exposures through automation, improvements to practices and procedures and ongoing quality assurance auditing. This ensures quality products and limits the risk of liability claims.

Asset Management: Using the services of specialist engineering contractors, we are reviewing key assets to ensure that the potential for losses and downtime is minimised through the implementation of best-practice asset risk management.

The results we are achieving

With risk profiling as an integral part of our business planning process we are able to achieve a better understanding and control our risks which will also lead to more efficient operations. To improve our liability management, we are now working closely with our suppliers to be able to guarantee both traceability of all raw material inputs, and certification of product content and quality. Finally, all recommendations arising from the reviews of key assets are being followed through to completion.

Sampling of all incoming raw materials is carried out to ensure Ridley is protecting the quality of the product it manufactures.





INITIATIVES IN QUALITY

What it means to our business

The need for the highest quality standards at all stages of the food chain has been highlighted by the outbreaks of BSE and Foot and Mouth disease in Europe. We have been very active both internally and at all levels of industry and government to make certain we are at the forefront of the industry in ensuring food safety.

How we are applying it

To date 72 manufacturing sites have ISO 9001/9002 certification and 3 additional sites will have achieved it by June 2002.

In Australia all except two sites have HACCP certification. In addition, a team is now coordinating quality management nationally and a quality program called "Feed to Food" has been introduced. Also, training programs associated with these initiatives have been introduced. A national customer complaint and mill non-conformance reporting system has been implemented. We will shortly begin a program of auditing our major raw material suppliers. In Canada HACCP will be fully implemented by early 2002.

In the US all sites have achieved Facility Certification Institute (FCI) Level 1 certification, the highest accreditation possible. FCI certifies feed manufacturers for compliance with laws and regulations regarding the handling of ruminant by-products.

The results we are achieving

The accreditation we have achieved across our businesses means that there are now rigorous external and internal quality audit programs operating at all of our manufacturing sites.

Our mill non-conformance system in Australia gives us, for the first time, a national measurement of quality failures in every area of the business, enabling us to both manage the cost of quality failure and, more importantly, process improvement.

Our Feed to Food quality program is emphasising the key role that feed plays in the food supply chain and changing the culture of the business from one of feed manufacturer to one of a major supplier in the human food supply chain. At a Group level, with the active participation of the Managing Director and Chairman, a Food Safety and Science Committee has been established to examine all issues relating to food safety to keep the business in front of any proposed legislation.

Auditing our major raw material suppliers will provide additional assurance that we can continue to produce a high quality product all of the time and is another tool in the traceability of our product from the farm gate to our customers.

Ridley Manufacturing Locations

ISO, HACCP and FCI Certification

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| Australia Feed Mills | ISO Certification | HACCP Certification | USA | ISO Certification | Facility Certification Institute Level 1 |
|-------------------------------|-------------------|---------------------|-----------------------------|-------------------|--|
| Atherton Queensland | ✓ | ✓ | Mankato Minnesota | ✓ | ✓ |
| Clifton Queensland | ✓ | ✓ | Sioux City Iowa | ✓ | ✓ |
| Dalby Queensland | ✓ | ✓ | Storm Lake Iowa | ✓ | ✓ |
| Rockhampton Queensland | ✓ | ✓ | Shipshewana Indiana | ✓ | ✓ |
| Tamworth New South Wales | ✓ | ✓ | Botkins Ohio | ✓ | ✓ |
| Taree New South Wales | ✓ | ✓ | Columbus Nebraska | ✓ | ✓ |
| Toowoomba Queensland | ✓ | ✓ | Atlantic Iowa | ✓ | ✓ |
| Corowa New South Wales | ✓ | ✓ | Iowa City Iowa | ✓ | ✓ |
| Cohuna Victoria | ✓ | ✓ | Appleton Wisconsin | ✓ | ✓ |
| St Arnaud Victoria | ✓ | ✓ | Bushnell Illinois | ✓ | ✓ |
| Bendigo Victoria | ✓ | ✓ | Castleton Indiana | ✓ | ✓ |
| Terang Victoria | ✓ | ✓ | Hopkinsville Kentucky | ✓ | ✓ |
| Dandenong Victoria | ✓ | ✓ | Lancaster Pennsylvania | ✓ | ✓ |
| Pakenham Victoria | ✓ | ✓ | Selma Nth. Carolina | ✓ | ✓ |
| Mooroopna Victoria | ✓ | ✓ | Grandin Nth. Dakota | ✓ | ✓ |
| Maffra Victoria | ✓ | ✓ | Mendota Illinois | ✓ | ✓ |
| Mt Gambier South Australia | ✓ | ✓ | Worthington Block Minnesota | ✓ | ✓ |
| Wasleys South Australia | ✓ | ✓ | Whitewood Block Sth. Dakota | ✓ | ✓ |
| Murray Bridge South Australia | ✓ | ✓ | Stockton Block California | ✓ | ✓ |
| Northam Western Australia | ✓ | Early 2002 | Buffalo Block Texas | ✓ | ✓ |
| Wacol Queensland | ✓ | ✓ | Lusk Wyoming | – | ✓ |
| | | | Bismarck Nth. Dakota (JV) | – | – |

| Australasian Salt Manufacturing | ISO Certification | HACCP Certification | CANADA | ISO Certification | HACCP Certification |
|---------------------------------|-------------------|----------------------------|----------------------------|-------------------|---------------------|
| Bowen Queensland | ✓ | Not food grade manufacture | Arborg Manitoba | ✓ | Early 2002 |
| Bajool Queensland | ✓ | Planned for 2002 | Brandon Manitoba | ✓ | Early 2002 |
| Pt Alma Queensland | ✓ | Not food grade manufacture | Grunthal Manitoba | ✓ | Early 2002 |
| Moolap Victoria | ✓ | Not food grade manufacture | Humboldt Saskatchewan | ✓ | ✓ |
| Sea Lake Victoria | ✓ | Not food grade manufacture | Lacombe Alberta | ✓ | Early 2002 |
| Lara Victoria | ✓ | Not food grade manufacture | Linden Alberta | ✓ | Early 2002 |
| Price South Australia | ✓ | ✓ | Manitou Manitoba | ✓ | Early 2002 |
| Lochiel South Australia | ✓ | Not food grade manufacture | St Paul Alberta | ✓ | Early 2002 |
| Kevin South Australia | ✓ | Not food grade manufacture | Winnipeg Manitoba | ✓ | Early 2002 |
| Corio Victoria | Planned for 2002 | Not food grade manufacture | Lethbridge Alberta | Early 2002 | Early 2002 |
| Esperance WA | ✓ | Planned for 2002 | Saskatoon Saskatchewan | ✓ | Early 2002 |
| Mt. Maunganui NZ | ✓ | Planned for 2002 | Swift Current Saskatchewan | ✓ | Early 2002 |
| Lake Grassmere NZ | ✓ | Planned for 2002 | Mitchell Ontario | ✓ | ✓ |
| | | | Fort Macleod Alberta | ✓ | ✓ |
| | | | Rimby Alberta | ✓ | Early 2002 |
| | | | Daco Winnipeg | Early 2002 | Early 2002 |

| USA | ISO Certification | Facility Certification Institute Level 1 |
|----------------------------|-------------------|--|
| Rapid City Sth. Dakota | ✓ | ✓ |
| Watertown Sth. Dakota | ✓ | ✓ |
| Huron Sth. Dakota | ✓ | ✓ |
| Alexandria Minnesota | ✓ | ✓ |
| Worthington Feed Minnesota | ✓ | ✓ |

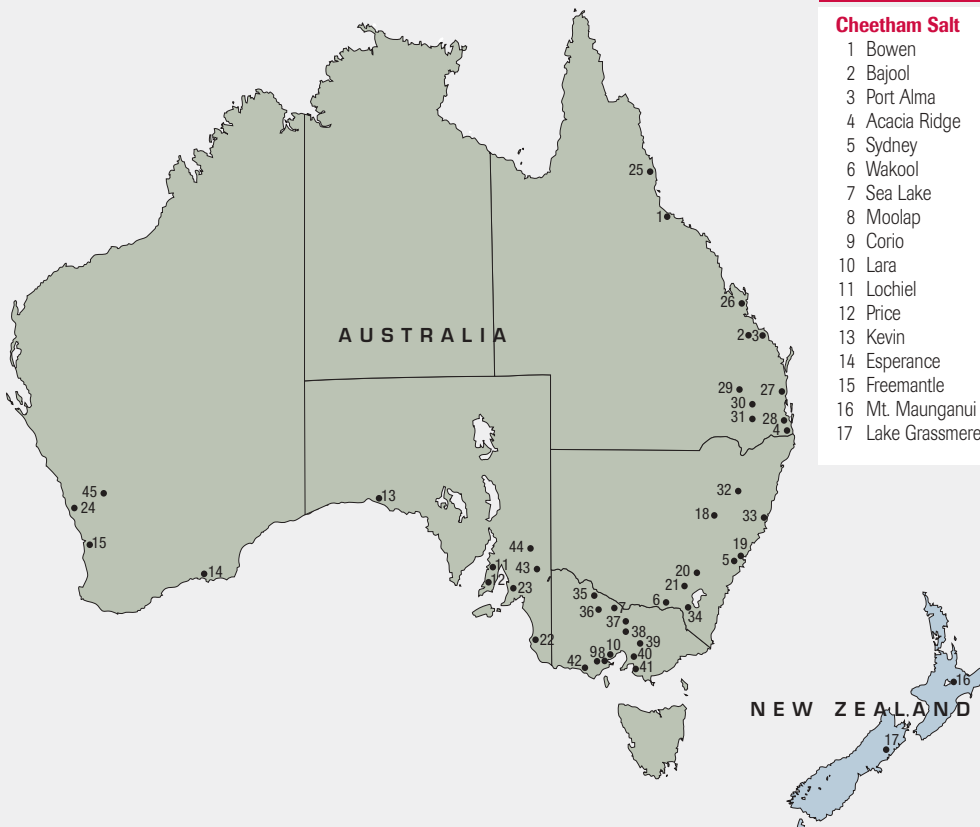
Note: ISO 9001 in US/Canada and 9002 in Australia



North American Operations

- | | |
|---------------------------------|-----------------------------|
| 1 Rocky Mountain House, Alberta | 25 Rapid City, South Dakota |
| 2 Rimbey, Alberta | 26 Watertown, South Dakota |
| 3 Lacombe, Alberta | 27 Huron, South Dakota |
| 4 Linden, Alberta | 28 Alexandria, Minnesota |
| 5 Fort Macleod, Alberta | 29 Worthington, Minnesota |
| 6 Lethbridge, Alberta | 30 Mankato, Minnesota |
| 7 St Paul, Alberta | 31 Sioux City, Iowa |
| 8 Lloydminster, Alberta | 32 Storm Lake, Iowa |
| 9 Swift Current, Saskatchewan | 33 Iowa City, Iowa |
| 10 Saskatoon, Saskatchewan | 34 Lusk, Wyoming |
| 11 Prince Albert, Saskatchewan | 35 Shipshewana, Indiana |
| 12 Humboldt, Saskatchewan | 36 Botkins, Ohio |
| 13 Reston, Manitoba | 37 Mitchel, Ontario |
| 14 Brandon, Manitoba | 38 Stockton, California |
| 15 Austin, Manitoba | 39 Buffalo, Texas |
| 16 Killarney, Manitoba | 40 Columbus, Nebraska |
| 17 Manitou, Manitoba | 41 Atlantic, Iowa |
| 18 Arborg, Manitoba | 42 Appleton, Wisconsin |
| 19 Malonton, Manitoba | 43 Mendota, Illinois |
| 20 Winnipeg, Manitoba | 44 Bushnell, Illinois |
| 21 Grunthal, Manitoba | 45 Castleton, Indiana |
| 22 Bismarck, North Dakota | 46 Hopkinsville, Kentucky |
| 23 Grandin, North Dakota | 47 Lancaster, Pennsylvania |
| 24 Whitewood, South Dakota | 48 Selma, North Carolina |
| | 49 Urbandale, Iowa |

Ridley Australasia



Australasian Operations

Cheetham Salt

- 1 Bowen
- 2 Bajool
- 3 Port Alma
- 4 Acacia Ridge
- 5 Sydney
- 6 Wakool
- 7 Sea Lake
- 8 Moolap
- 9 Corio
- 10 Lara
- 11 Lochiel
- 12 Price
- 13 Kevin
- 14 Esperance
- 15 Freemantle
- 16 Mt. Maunganui (NZ)
- 17 Lake Grassmere (NZ)

Ridley AgriProducts

- 18 Dubbo
- 19 Sydney
- 20 Goulburn
- 21 Wagga Wagga
- 22 Mt Gambier
- 23 Adelaide
- 24 Perth
- 25 Atherton
- 26 Rockhampton
- 27 Narangba
- 28 Wacol
- 29 Dalby
- 30 Toowoomba
- 31 Clifton
- 32 Tamworth
- 33 Taree
- 34 Corowa
- 35 Cohuna
- 36 St Arnaud
- 37 Mooropna
- 38 Bendigo
- 39 Maffra
- 40 Pakenham
- 41 Dandenong
- 42 Terang
- 43 Murray Bridge
- 44 Wasleys
- 45 Northam

Board of Directors



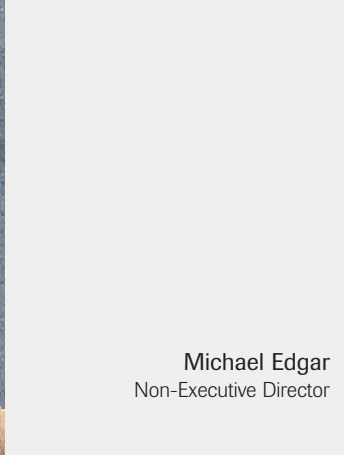
John S. Keniry
Chairman



Matthew Bickford-Smith
Managing Director & Chief Executive



Elizabeth Bryan
Non-Executive Director



Michael Edgar
Non-Executive Director



Richard Lee
Non-Executive Director



Robert Lotze
Non-Executive Director



Donald McGauchie
Non-Executive Director



Andrew Vizard
Non-Executive Director



John S Keniry BSc PhD FTSE FRACI FAICD

Chairman, Age 58

A Director of the Company since 1990 and Chairman since March 1994. Formerly held executive positions with CSR Limited and Goodman Fielder Limited. Presently Chairman, National Registration Authority for Agricultural and Veterinary Chemicals; Chairman, Sugar Australia Pty Ltd and Chairman Unisearch Limited and a Director of WoolStock Australia Ltd and a number of other companies and statutory bodies. President of the Australian Chamber of Commerce and Industry and a member of the Prime Minister's Science, Engineering and Innovation Council.

Matthew Bickford-Smith

CEO, Managing Director, Age 41

Matthew joined Ridley Corporation Limited in November 2000. He was previously with the Man Group and was Managing Director of their Australian operations (where the main focus of the last three years was the negotiation and implementation of a three-way merger within the domestic refined sugar industry). Before moving to Australia he was based in Hong Kong with responsibility for managing risk relating to the Man Group's sugar businesses within the region. He joined the Man Group in 1991 as Manager of business development for the sugar division where he gained experience assessing business opportunities in South-East Asia, South America and Eastern Europe. Before moving to the Man Group he spent five years with Phibro, the commodity trading division of Salomon Brothers where he worked in several soft commodity divisions with the main focus being proprietary trading, structured financing and marketing.

Elizabeth B Bryan BA MA(Econ) MAICD

Non-Executive Director, Age 54

Ms Bryan was appointed a Director of the Company in September 2001. She has more than 20 years of executive experience in the financial services industry and on the boards of companies and statutory organisations. Presently she is Director of Western Metals Limited, Director of Guild Insurance and Financial Services Holdings Limited, and member of the Advisory Board to CSFB.

Michael J Edgar B.Comm ASA

Non-Executive Director, Age 64

A Director of the Company since 1987 and a member of the Australian Stock Exchange Limited since 1973. Currently a consultant at William Noall Limited and has worked previously with other stockbrokers and a firm of chartered accountants. Mr Edgar is Chairman of Kanowna Consolidated Gold Mines Ltd., Integra Medical Imaging Ltd and a Director of Phoneware Limited. He is actively involved in cattle breeding and wool production.

Richard J Lee B.Eng(Chem)(Hons.) MA(Oxon.) MAICD

Non-Executive Director, Age 51

Mr Lee was appointed a Director of the Company in September 2001. He retired from executive duties with the N.M. Rothschild Australia Group in May 2001 after 15 years service, the last seven as Chief Executive. During this period, Mr Lee held various senior management and board positions with Rothschild, primarily associated with the Group's extensive activities internationally in the gold and natural resources sector. Prior to joining Rothschild, Mr Lee spent 16 years in the Sugar Division of CSR Limited. His principal responsibilities there related to the marketing and financing of Australian raw sugar production and policy matters relating to the international sugar trade and the Australian domestic sugar market. Mr Lee remains a Director of N.M. Rothschild Australia Holdings Pty Limited and a number of its affiliates.

Robert J Lotze FCA MAICD

Non-Executive Director, Age 60

Mr Lotze was appointed a Director in May 1998. Formerly a partner in a large accounting firm for more than 25 years, he has a background in accounting, auditing, financial analysis and corporate governance in the food industry. Mr Lotze is Chairman of the Audit Committee and a Trustee Director of the Ridley Staff Superannuation Fund.

Donald G McGauchie

Non-Executive Director, Age 51

Mr McGauchie was appointed a Director of the Company in December 1998. Senior Partner C&E McGauchie Terrick West, Chairman Woolstock Australia Ltd, Deputy Chairman Australian Wool Testing Authority Limited, Director Reserve Bank of Australia, Telstra Corporation Ltd, Grain Corp Ltd, National Foods Ltd, Australian Centre for International Agricultural Research, member Foreign Affairs Council, Trade Policy Council, International Policy Council Agricultural Food and Trade and the Victorian Premier's Food Industry Advisory Council.

Andrew Vizard BVSc (Hons) MPVM

Non-Executive Director, Age 43

A Director of the Company since January 2001, Associate Professor Vizard is Director of the Mackinnon Project at the University of Melbourne. The Mackinnon Project undertakes research, consultancy and educational services to Australian farmers. The Mackinnon Project is recognised as a world leader in delivering practical advice to farmers on a wide range of issues, including breeding programs and nutritional management of stock. Associate Professor Vizard is the author of more than 50 scientific papers on agricultural production. He is currently Chairman of Vital Capital Ltd and a board member of the Zoological Parks and Gardens of Victoria and Australian Wool Services Ltd. He also sits on scientific advisory boards for CSIRO and The Hermon Slade Foundations and helps manage his family's fine wool stud near Geelong.

CORPORATE GOVERNANCE STATEMENT

Board of Directors

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 to the Managing Director, as designated by the Board, which has defined the limits of management responsibility. The Board has established a number of Board Committees to assist in the execution of its responsibilities including an Audit Committee and Emoluments Committee. The roles of all Board committees are documented in a Corporate Policy which is approved by the Board of Directors. The Board has also established a framework for the management of the company including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Composition of the Board

The names, profiles and qualifications of the directors in office at the date of this statement are set out on page 25 of this Annual Report.

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 Chairman of the Board will be a non-executive director.
- The Board will comprise a majority of non-executive directors.

The composition of the Board is continually under review by all directors to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, directors are asked to nominate suitable candidates with the appropriate expertise and experience. Potential candidates are reviewed by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

The Constitution of the Company requires one third of the directors, with the exception of the Managing Director, to retire from office at the AGM each year. Retiring directors are eligible for re-election. When a vacancy is filled by the Board during the year, the new director must stand for election at the next AGM.

Remuneration of Directors

Non-executive directors' fees are determined by the full Board within the aggregate of \$400,000 approved by the shareholders at the AGM in 1996. Details of remuneration of directors during 2001 are set out in the Directors' Report. On leaving the Board and depending upon their length of service, non-executive directors are entitled to a retiring allowance of up to a maximum three years fees, less compulsory superannuation payment made.

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 32).

Directors receive detailed financial and operational reports from senior management during the year and management is available to discuss the reports with the Board. The Board also visits and holds some meetings at the Company's principal operating sites to enable directors to meet with employees and customers.

Independent Professional Advice

Each director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

Emoluments Committee

The role of the Emoluments 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 share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies.

The members of the Emoluments Committee during the year were:

J S Keniry
D G McGauchie
M Bickford-Smith (from 3 November 2000)

The Emoluments Committee meets twice a year and as required.

Further details of directors' remuneration, superannuation and retirement payments are set out in Notes 34, 36 and 37 to the financial statements.

Audit Committee

Board policy states that all members of the Audit Committee must be non-executive directors. The role of the Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the company and to review the performance and work of the external auditors.

The Committee also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial statements.

The members of the Audit Committee during the year were:

R J Lotze
M J Edgar
R G Seldon (resigned 29 June 2001)

The internal and external auditors, the Managing Director and the Chief Financial Officer are invited to Audit Committee meetings at the discretion of the Committee.

Risk Management

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

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.

Directors' Indemnity

The Company has entered into a Deed of Indemnity Insurance and Access (as approved at the 1998 AGM) with all Directors of Ridley Corporation Limited and with all Group Executives appointed as directors of controlled entities. The Company also has in place a Directors' and Officers' 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 extend beyond requirements prescribed by law and include additional disclosure of interests by directors and guidelines relating to the dealing in securities by directors and managers. The Company also has in place a formal Code of Conduct for adherence by all directors.

Securities Trading

All directors and officers are prohibited from buying or selling securities in the Company from the last day in each financial half year until the release to the ASX of the announcement by the Company of its full year and half year results or when the individual is in possession of price sensitive information.

DIRECTORS' REPORT

The directors submit the Statements of Financial Position at 30 June 2001, Statements of Financial Performance and Statements of Cash Flows for the year ended on that date for the Company and the consolidated entity and report as follows:

1. Directors

The directors of Ridley Corporation Limited at any time during or since the financial year are as follows:

J S Keniry
M P Bickford-Smith – appointed 3rd November 2000
M J Edgar
R J Lotze
D G McGauchie
A Vizard – appointed 29th January 2001
A D Donald – resigned 30th September 2000
M E Moloney – resigned 4th August 2000
R G Seldon – resigned 29th June 2001

2. Principal Activities

The principal continuing activities of the consolidated entity during the year were stockfeed milling and marketing, production of crude salt, salt refining and marketing, swine genetics and production and the provision of rural products and services.

3. Results

| | 2001 \$000 | 2000 \$000 |
|--|---------------|---------------|
| Profit from ordinary activities before significant items and income tax | 47,830 | 26,039 |
| Income tax | 17,831 | 11,206 |
| Operating profit of the consolidated entity before significant items | 29,999 | 14,833 |
| Profit attributable to outside equity interests | 5,501 | 1,119 |
| Profit attributable to members of Ridley Corporation Limited before significant items | 24,498 | 13,714 |
| Significant items net of tax and outside equity interests of \$4,134,000 (2000: \$228,000) | (12,406) | 794 |
| Profit attributable to members of Ridley Corporation Limited | 12,092 | 14,508 |

4. Review of Operations/Significant Changes in the State of Affairs

A review of:

- (i) operations and financial matters including significant changes in the state of affairs;
- (ii) the results of those operations; and
- (iii) likely developments

are set out elsewhere in the Annual Report.

5. Derivatives

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. It is company policy to use derivative financial instruments where appropriate to fully or partially hedge these risks and not to enter, hold or issue derivative financial instruments for speculative purposes.

6. Dividends

Details of dividends paid or proposed to be paid out of profits of the Company are as follows:

- (i) Interim, fully franked at 34%, dividend of 2.00 cents (2000: 2.00 cents) per fully paid ordinary share, totalling \$4,783,243 (2000: \$4,747,000) was paid on 12 April 2001.
- (ii) A final, fully franked at 30%, dividend of 2.00 cents (2000: 2.00 cents) per fully paid ordinary share, totalling \$4,809,647 (2000: \$4,773,000) has been declared by directors payable on 30 October 2001.

7. Environmental Regulation

For the financial year ended 30 June 2001 the Australian operations of the consolidated entity were subject to, and to the best of the directors' knowledge, complied with those Australian Federal, State and Territorial environmental laws and regulations relating to air, soil, water and noise pollution applying to those Australian operations.

8. Directors' and Executives' Emoluments

The emoluments committee, consisting of two non-executive directors and the Managing Director, advises the 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.

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. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Company's option and employee share plans.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's diverse operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. Non-executive directors are also entitled to retirement benefits as set out in the Constitution of the Company.

Bonuses are available to executives depending on the consolidated entities and executive's performance based on pre-determined criteria. Bonuses are not payable to non-executive directors.

Details of the nature and amount of each element of the emoluments for directors of Ridley Corporation Limited and the five officers of the Company and the consolidated entity receiving the highest emoluments are set out in the following tables:

Directors of Ridley Corporation Limited

| NAME | BASE SALARY \$ | DIRECTORS' FEES | | SUPER- ANNUATION \$ | OTHER BENEFITS \$ | TOTAL \$ |
|--|----------------------|-----------------------------|----------------------|---------------------------|-------------------------|-------------|
| | | RIDLEY CORPORATION \$ | RIDLEY INC. \$ | | | |
| J S Keniry <i>Chairman</i> | - | 80,000 | 42,409 | 6,400 | - | 128,809 |
| M P Bickford-Smith <i>Managing Director</i> | 253,086 | - | - | 18,452 | 8,046 | 279,584 |
| A D Donald | - | 10,000 | - | 800 | 64,842* | 75,642 |
| M J Edgar | - | 40,000 | - | 3,200 | - | 43,200 |
| R J Lotze | - | 40,000 | - | 3,200 | - | 43,200 |
| D G McGauchie | - | 40,000 | - | 3,200 | - | 43,200 |
| M E Moloney | 29,462 | - | - | 7,113 | 4,093 | 40,668 |
| R G Seldon | - | 40,000 | 35,034 | 3,200 | 101,600* | 179,834 |
| A Vizard | - | 16,989 | - | 1,359 | - | 18,348 |

* Includes retirement benefits paid in accordance with the Corporations Act 2001.

Certain financial consulting advice was provided by Seldon and Associates, a firm associated with Mr R. G. Seldon, a former director, on terms supported by independent external advice. Further information is set out in Note 35.

Shares, convertible notes and options held by the directors are disclosed on page 59 of the Annual Report.

DIRECTORS' REPORT (continued)

8. Directors' and Executives' Emoluments (continued)

Other Executives and Officers of Ridley Corporation Limited

| NAME | BASE SALARY \$ | MOTOR VEHICLE \$ | BONUS \$ | SUPER- ANNUATION \$ | OTHER BENEFITS \$ | TOTAL \$ |
|---|----------------------|------------------------|-------------|---------------------------|-------------------------|-------------|
| J S Spragg Former General Manager – Ridley AgriProducts | 61,659 | 6,160 | – | 9,227 | 361,047* | 438,093 |
| W J Poynton Managing Director & CEO Ridley Australasia | 248,515 | 19,354 | 37,000 | 49,566 | 5,002 | 359,437 |
| K J Green Acting Chief Financial Officer | 232,012 | 12,787 | – | – | – | 244,799 |
| C J Priestley Company Secretary | 157,764 | 15,391 | 5,720 | 31,200 | 1,786 | 211,861 |
| I Wilton Chief Financial Officer | 118,037 | – | – | 9,434 | 18,289 | 145,760 |

* Includes termination benefits

Other Executives of the Consolidated Entity

| NAME | BASE SALARY \$ | MOTOR VEHICLE \$ | BONUS \$ | SUPER- ANNUATION \$ | OTHER BENEFITS \$ | TOTAL \$ |
|--|----------------------|------------------------|-------------|---------------------------|-------------------------|-------------|
| R B Gallaway President & Chief Executive Officer Ridley Inc. | 537,678 | 12,033 | 19,594 | 12,879 | 3,692 | 585,876 |
| J S Spragg Former General Manager Ridley AgriProducts | 61,659 | 6,160 | – | 9,227 | 361,047* | 438,093 |
| W J Poynton Managing Director & CEO Ridley Australasia | 248,515 | 19,354 | 37,000 | 49,566 | 5,002 | 359,437 |
| B E Frost General Manager – Ridley Block Operations | 248,194 | 6,328 | 49,345 | 10,039 | 1,287 | 315,193 |
| J S McKee Chief Operations Officer Cotswold International | 244,151 | 9,170 | 30,324 | 8,088 | 2,407 | 294,140 |

* Includes termination benefits

“Other Executives” are officers who are involved in, concerned in, or who take part in, the management of the affairs of Ridley Corporation Limited and/or related bodies corporate.

Information on options issued as part of the remuneration of directors of Ridley Corporation Limited and each of the five officers of the company and the consolidated entity receiving the highest emoluments are set out below.

8. Directors' and Executives' Emoluments (continued)

Shares and Share Options Granted to Directors and Most Highly Remunerated Officers

Options over unissued shares of Ridley Corporation Limited and controlled entities granted during or since the end of the financial year to any of the directors or the five most highly remunerated officers of the Company and consolidated entity as part of their remuneration were as follows:

| | PARENT ENTITY OPTION ISSUED | CONTROLLED ENTITY OPTIONS ISSUED |
|---|--------------------------------|-------------------------------------|
| Directors | | |
| J S Keniry, Chairman | - | 14,000 |
| M P Bickford-Smith, Managing Director | 500,000 | - |
| R G Seldon, Director | - | 7,000 |
| Other Executives of Ridley Corporation Limited | | |
| W J Poynton, Managing Director & CEO Ridley Australasia | 250,000 | - |
| I Wilton, Chief Financial Officer | 275,000 | - |
| Other Executives of the Consolidated Entity | | |
| R B Gallaway, President & Chief Executive Officer - Ridley Inc. | - | 28,000 |
| B E Frost, General Manager - Ridley Block Operations | - | 10,000 |
| J S McKee, Chief Operating Officer - Cotswold International | - | 10,000 |

The amounts disclosed below for remuneration relating to options are assessed values of options granted to directors and executives during the year ended 30 June 2001. Fair values have been assessed using the Black-Scholes option pricing model. Factors taken into account by the Black-Scholes option pricing model include the exercise price, the term of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Further details on the options are set out in Note 34 of the financial report.

Options in Ridley Corporation Limited

| | PRICE \$ | VALUE \$ | NUMBER | VALUE \$ |
|--------------------|-------------|-------------|---------|-------------|
| Director | | | | |
| M P Bickford-Smith | 0.59 | 0.1662 | 500,000 | 83,106 |
| Executives | | | | |
| W J Poynton | 0.66 | 0.1452 | 250,000 | 36,290 |
| I Wilton | 0.74 | 0.1246 | 275,000 | 34,257 |

Options in Ridley Inc.

| | PRICE CANADIAN \$ | VALUE CANADIAN \$ | NUMBER | VALUE CANADIAN \$ |
|-------------------|----------------------|----------------------|--------|----------------------|
| Directors | | | | |
| J S Keniry | 5.38 | 6.5205 | 14,000 | 91,287 |
| R G Seldon | 5.38 | 6.5205 | 7,000 | 45,644 |
| Executives | | | | |
| R B Gallaway | 5.38 | 6.5205 | 28,000 | 182,575 |
| B E Frost | 5.38 | 6.5205 | 10,000 | 65,205 |
| J S McKee | 5.38 | 6.5205 | 10,000 | 65,205 |

DIRECTORS' REPORT (continued)

9. Share Options

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

| | NUMBER | EXPIRY DATE |
|--|------------|-----------------|
| Ridley Corporation Limited | 23,728,918 | 30 April 2002 |
| Ridley Corporation Limited – Incentive Option Plan | 2,425,347 | Various |
| Ridley Corporation Limited – Employee Option Plan | 181,000 | 20 January 2002 |
| Ridley Inc. – Stock Option Plan | 926,000 | 6 November 2006 |

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. Further details are set out in Notes 25 and 34 of the financial report.

Details of shares issued by Ridley Corporation Limited as a result of the exercise of options are set out in Note 25.

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, and the register may be inspected free of charge.

10. Information on Directors

Particulars of shares, options and convertible notes held by directors in the Company together with a profile of the directors are set out on pages 59 and 25 in the Annual Report.

11. Meetings of Directors

| DIRECTORS | BOARD | | AUDIT COMMITTEE | | EMOLUMENTS COMMITTEE | |
|--------------------|--------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|
| | MEETINGS HELD WHILE A DIRECTOR | MEETINGS ATTENDED | MEETINGS HELD WHILE A MEMBER | MEETINGS ATTENDED | MEETINGS HELD WHILE A MEMBER | MEETINGS ATTENDED |
| A D Donald | 3 | 2 | – | – | – | – |
| M P Bickford-Smith | 6 | 6 | – | – | 1 | 1 |
| M J Edgar | 11 | 10 | 3 | 2 | – | – |
| J S Keniry | 11 | 11 | – | – | 2 | 2 |
| R J Lotze | 11 | 11 | 3 | 3 | – | – |
| D G McGauchie | 11 | 9 | – | – | 2 | 2 |
| M E Moloney | 1 | 1 | – | – | – | – |
| R G Seldon | 11 | 11 | 3 | 3 | – | – |
| A Vizard | 5 | 5 | – | – | – | – |

12. Post Balance Date Events

No matters or circumstances have arisen since 30 June 2001 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.

13. Insurance

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

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

The Deed requires the Company 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 following directors and secretary of Ridley Corporation Limited: J S Keniry, M P Bickford-Smith, A D Donald, M J Edgar, R J Lotze, D G McGauchie, M E Moloney, R G Seldon, A Vizard and C J Priestley.

14. Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/0100 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 or in certain cases to the nearest dollar.

15. Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

Signed at Sydney this 27th day of August 2001 in accordance with a resolution of the directors.

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J S Keniry
Director

R J Lotze
Director

STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

| | NOTES | CONSOLIDATED | | PARENT ENTITY | |
|---|-------|------------------|----------------|---------------|---------------|
| | | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Revenues from sale of goods | 2 | 1,378,790 | 986,534 | - | - |
| Total Revenue | | 1,378,790 | 986,534 | - | - |
| Cost of sales | | 1,163,010 | 820,713 | - | - |
| Gross Profit | | 215,780 | 165,821 | - | - |
| Other revenues from ordinary activities | 2 | 13,992 | 31,140 | 25,776 | 23,179 |
| Other expenses from ordinary activities | | | | | |
| Selling and distribution | | (64,947) | (49,140) | - | - |
| Administration | | (77,161) | (67,301) | (6,526) | (5,490) |
| Borrowing costs | | (26,621) | (20,968) | (9,876) | (9,584) |
| Other | | (34,530) | (36,397) | (164) | (1) |
| Share of net profits of associates | 47 | 3,499 | 3,064 | - | - |
| Profit from ordinary activities before income tax expense | | 30,012 | 26,219 | 9,210 | 8,104 |
| Income tax expense/(benefit) | 5 | 16,552 | 10,820 | (211) | (458) |
| Profit from ordinary activities after income tax | | 13,460 | 15,399 | 9,421 | 8,562 |
| Outside equity interests in operating profit after income tax | | 1,368 | 891 | - | - |
| Net profit after income tax attributable to members of Ridley Corporation Limited | | 12,092 | 14,508 | 9,421 | 8,562 |
| Net increase/(decrease) in asset revaluation reserve | 26 | (302) | 49,417 | - | 167 |
| Net exchange differences on translation of financial reports of foreign controlled entities | 26 | 14,995 | 9,177 | - | - |
| Adjustment resulting from a change in accounting policy over the valuation of livestock | 27 | 213 | - | - | - |
| Total revenues, expenses and valuation adjustments attributable to members of Ridley Corporation Limited recognised directly in equity | | 14,906 | 58,594 | - | 167 |
| Total changes in equity other than those resulting from transaction with the owners as owners | 29 | 26,998 | 73,102 | 9,421 | 8,729 |
| Basic earnings per share | 43 | 5.0c | 6.1c | | |
| Diluted earnings per share | 43 | 4.8c | 6.1c | | |

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2001

| | NOTES | CONSOLIDATED | | PARENT ENTITY | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Current Assets | | | | | |
| Cash | | 18,367 | 18,736 | 4 | 4 |
| Receivables | 7 | 145,990 | 134,464 | 338 | 257 |
| Inventories | 8 | 125,652 | 105,476 | - | - |
| Other | 9 | 5,329 | 4,920 | 710 | 1,028 |
| Total Current Assets | | 295,338 | 263,596 | 1,052 | 1,289 |
| Non-Current Assets | | | | | |
| Receivables | 10 | 31,530 | 26,733 | 221,686 | 220,555 |
| Livestock | 11 | 4,984 | 5,073 | - | - |
| Investments accounted for using the equity method | 47 | 47,456 | 48,307 | - | - |
| Other financial assets | 12 | 3,072 | 5,582 | 106,392 | 104,704 |
| Property, plant and equipment | 13 | 365,754 | 350,405 | 4,927 | 4,994 |
| Goodwill | 14 | 74,040 | 82,985 | - | - |
| Deferred tax assets | 15 | 5,011 | 12,366 | 674 | 726 |
| Other | 16 | 2,230 | 2,651 | 559 | 1,043 |
| Total Non-Current Assets | | 534,077 | 534,102 | 334,238 | 332,022 |
| Total Assets | | 829,415 | 797,698 | 335,290 | 333,311 |
| Current Liabilities | | | | | |
| Accounts payable | 17 | 137,815 | 114,371 | 1,173 | 1,698 |
| Interest bearing liabilities | 18 | 19,061 | 42,847 | 177 | 328 |
| Current tax liabilities | 19 | 165 | 135 | - | - |
| Provisions | 20 | 14,588 | 20,572 | 5,060 | 5,086 |
| Total Current Liabilities | | 171,629 | 177,925 | 6,410 | 7,112 |
| Non-Current Liabilities | | | | | |
| Accounts payable | 21 | 460 | 528 | 460 | 528 |
| Interest bearing liabilities | 22 | 291,688 | 282,692 | 130,764 | 128,764 |
| Deferred tax liabilities | 23 | 28,328 | 23,068 | - | 217 |
| Provisions | 24 | 10,889 | 10,675 | 152 | 204 |
| Total Non-Current Liabilities | | 331,365 | 316,963 | 131,376 | 129,713 |
| Total Liabilities | | 502,994 | 494,888 | 137,786 | 136,825 |
| Net Assets | | 326,421 | 302,810 | 197,504 | 196,486 |
| Shareholders' Equity | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 25 | 175,816 | 174,626 | 175,816 | 174,626 |
| Reserves | 26 | 113,480 | 98,787 | 14,051 | 14,051 |
| Retained profits/(accumulated losses) | 27 | (9,842) | (12,554) | 7,637 | 7,809 |
| Total Parent Entity Interest | | 279,454 | 260,859 | 197,504 | 196,486 |
| Outside equity interests in controlled entities | 28 | 46,967 | 41,951 | - | - |
| Total Shareholders' Equity | 29 | 326,421 | 302,810 | 197,504 | 196,486 |

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|--|--|--|--|
| | 2001 \$000 INFLOWS (OUTFLOWS) | 2000 \$000 INFLOWS (OUTFLOWS) | 2001 \$000 INFLOWS (OUTFLOWS) | 2000 \$000 INFLOWS (OUTFLOWS) |
| Cash flows from operating activities | | | | |
| Receipts from customers | 1,381,794 | 986,037 | 8,436 | 3,197 |
| Payments to suppliers and employees | (1,295,622) | (910,107) | (6,123) | (4,239) |
| Dividends received | 4,129 | 3,685 | 9,245 | 22,031 |
| Interest received | 4,984 | 3,680 | 7,758 | 11,917 |
| Interest and other costs of finance paid | (27,417) | (20,841) | (9,251) | (9,451) |
| Income taxes paid | (7,246) | (8,405) | (369) | (632) |
| Net cash inflow from operating activities (note 40(i)) | 60,622 | 54,049 | 9,696 | 22,823 |
| Cash flows from investing activities | | | | |
| Payments for businesses net of cash acquired (note 44) | - | (61,076) | - | - |
| Proceeds from sale of business (note 45) | - | 5,960 | - | - |
| Payments for property, plant and equipment | (12,947) | (30,056) | (691) | (19) |
| Payments for investments | (890) | (623) | - | - |
| Proceeds from sale of non-current assets | 6,061 | 11,524 | 132 | - |
| Other | 9 | (1) | (3) | 37 |
| Loans to controlled entities | - | - | (1,177) | (15,946) |
| Purchase shares in controlled entity | (1,688) | (3,526) | (1,688) | (3,527) |
| Net cash outflow from investing activities | (9,455) | (77,798) | (3,427) | (19,455) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of shares – parent entity | - | 7 | - | 7 |
| Proceeds from borrowings | 6,520 | 51,736 | 6,000 | 2,000 |
| Repayment of borrowings | (46,885) | - | - | - |
| Dividends paid – parent entity | (8,367) | (12,257) | (8,367) | (12,257) |
| Dividends paid – controlled entity | - | (204) | - | - |
| Purchase of convertible notes | (3,750) | (1,968) | (3,750) | (1,968) |
| Net cash inflow/(outflow) from financing activities | (52,482) | 37,314 | (6,117) | (12,218) |
| Net increase/(decrease) in cash held | (1,315) | 13,565 | 152 | (8,850) |
| Cash at the beginning of the financial year | 18,736 | 1,737 | (325) | 8,525 |
| Effects of exchange rate variations on cash | 946 | 3,434 | - | - |
| Cash at the end of the financial year (note 40(ii)) | 18,367 | 18,736 | (173) | (325) |

Non-cash financing and investing activities (note 41)

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 1 – Statement of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for livestock (identified as self-generating and regenerating assets) which are valued at net market value and other assets which as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

As a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosure and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts have been represented or reclassified to ensure comparability with the current reporting period.

Pursuant to the Corporations Act 2001, the directors have elected to adopt Accounting Standard AASB 1041 Revaluation of Non-Current Assets (applicable from 30 September 2001) in this financial report. There has been no impact on the financial statements by the early adoption of this standard.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ridley Corporation Limited (“Company” or “parent entity”) as at 30 June 2001 and the results of all controlled entities for the year then ended. Ridley Corporation Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities are eliminated in full. Where control of a controlled entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commenced. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively. Where control of a controlled entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity’s share of profits or losses of associates are recognised in the consolidated Statement of Financial Performance and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

Change in Accounting Policy

Ridley Corporation Limited has adopted the recently introduced Accounting Standard AASB 1037 Self Generating and Regenerating Assets. This accounting standard requires that livestock held for resale to be valued at net market value, with increases in market value, both realised and unrealised, recognised as revenue in the Statements of Financial Performance. Costs of maintaining the livestock are recognised as expenses as they are incurred. Comparatives in the Statements of Financial Performance have not been restated. In prior years, all livestock was valued at the lower of cost and net realisable value.

The net increase in retained profits at the beginning of the financial year resulting from the change in accounting policy is \$213,000. The increase in net profit attributable to members of Ridley Corporation Limited for the financial year resulting from the change in policy is \$84,000.

Depreciation

Depreciation of property, plant and equipment, excluding land, has been calculated having regard to the expected useful life of the relevant item using reducing balance or straight line methods as appropriate. Estimates of remaining useful lives are made on a regular basis for all assets.

The expected useful lives are as follows:

| | |
|-------------------|---------------|
| Buildings | 40 years |
| Plant & Equipment | 3 to 30 years |

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Goodwill

Goodwill is amortised using the straight line method over periods during which future benefits are expected to arise. The period of amortisation does not exceed twenty years.

NOTES TO THE ACCOUNTS

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 1 – Statement of Significant Accounting Policies (continued)

Inventories

Inventories, other than livestock, have been valued at the lower of cost and net realisable value. Costs are principally determined on the first in, first out and weighted average cost methods. Where appropriate, the cost of finished goods includes applicable fixed and variable overheads.

Livestock

Livestock held as current inventory have been valued at net market value. Where a liquid and active market price was not available average sales values have been used. Breeding stock held as non-current assets have been valued at cost and amortised over the useful life of the livestock, as no reliable indicator of market value is available. In the prior year all livestock was valued at the lower of cost and net realisable value.

Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. Income tax on net cumulative timing differences is set aside to the future tax benefit or the deferred income tax liability accounts at the rates which are expected to apply when those timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

Foreign Currency Translation

(i) Transactions

Foreign currency transactions are translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

(ii) Foreign Controlled Entities

As the foreign controlled entities are self sustaining their assets and liabilities are translated into Australian currency at rates of exchange current at balance date, while their revenues and expenses are translated at the average rates ruling during the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The exchange rates used to convert the foreign controlled entities are as follows:

AUSTRALIAN \$1 EQUALS

| | 2001 | 2000 |
|--|------|------|
|--|------|------|

Statements of Financial Position (year end rate)

| | | |
|-----------------------|--------|--------|
| Canadian dollars | 0.7723 | 0.8880 |
| United States dollars | 0.5075 | 0.5985 |
| Great Britain pounds | 0.3603 | 0.3943 |

Statements of Financial Performance (average rate for the year)

| | | |
|-----------------------|--------|--------|
| Canadian dollars | 0.8135 | 0.9235 |
| United States dollars | 0.5332 | 0.6273 |
| Great Britain pounds | 0.3682 | 0.3939 |

Derivatives

Derivative financial instruments that are designated as hedges and are effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure. Derivative financial instruments are not recognised in the financial statements at inception. Gains/losses relating to hedges of specific purchase/sale commitments are deferred and recognised as adjustments to the carrying amount of the hedged transactions.

Investments

(i) Listed and Unlisted

Interests in listed and unlisted securities in the consolidated financial statements are brought to account at cost, less a provision where applicable. Dividend income is recognised in the Statements of Financial Performance when declared.

(ii) Controlled Entities and Associates

Investments in controlled entities and associates are accounted for in the consolidated financial statements as set out in Note 1 – Statement of Significant Accounting Policies – Principles of Consolidation.

Note 1 – Statement of Significant Accounting Policies (continued)

Employee Entitlements

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, annual leave and sick leave are recognised and are measured as the amount unpaid at balance date at current pay rates in respect of employees' service up to that date.

(ii) Long Service Leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to balance 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 interest rates on national government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation Funds

The consolidated entity participates in a number of superannuation funds providing either lump sum or pension benefits for employees. The employees and the participating employers make contributions as percentages of salary and in accordance with the rules of the funds.

A liability in respect of defined benefit superannuation is recognised and measured as the deficiency between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation fund's assets at that date. If a surplus occurs, this asset is not recognised in the financial statements. The present value of accrued benefits is based on expected future payments which arise from membership of the fund 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 interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the consolidated entity to the superannuation fund, adjusted by the movement in the liability.

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Cash

For the purposes of the Statement of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

Revaluations of Non-Current Assets

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arm's-length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments will be made by the directors, supplemented by independent assessments at least every three years.

The above policy was adopted with effect from 1 July 2000. The previous policy was to revalue land and buildings at fair market value at least every three years. The change in policy has not had a material effect in the current or prior financial year.

In respect of any one class of asset, any net revaluation increment is credited directly to the asset revaluation reserve and any net revaluation decrement is expensed to operating profit except where it reverses a previous revaluation increment.

Where revaluations of non-current assets are undertaken, the potential capital gains tax liability is assessed and only taken into account when there is a firm commitment to sell the assets concerned.

In assessing recoverable amounts the expected net cash inflows from the continued use and subsequent disposal of the non-current assets are discounted to their present values as considered necessary. This determination is based on either individual or groups of assets where appropriate.

Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 1 – Statement of Significant Accounting Policies (continued)

Acquisition of Assets (continued)

Where settlement of any cash consideration is deferred, the amount payable in the future is discounted to its present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition when there is a demonstrable commitment to the restructuring of the acquired entity and a reliable estimate of the amount can be made.

Leased Non-Current 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 present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over periods ranging from five to twenty years.

Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid in the month following recognition.

Receivables and Revenue Recognition

Sales revenue and the resultant trade debtor are recognised when the goods have been despatched or delivered to a customer pursuant to a sales order and the associated risks have passed to the carrier or customer.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where doubt exists as to collection of the debt.

Goods and Services Tax Changes

Costs incurred to update existing systems or to design, develop and implement new systems to deal with the GST are charged as expenses as incurred, except where they result in an enhancement of future economic benefits and are recognised as an asset.

Maintenance and Repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. The cost of this maintenance is charged as expenses when incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

Borrowings

Loans and convertible notes are carried at their fair value which approximates the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of creditors.

Earnings Per Share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of Ridley Corporation Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

Joint Venture Operations

The proportionate interests in the assets, liabilities and expenses of joint venture operations have been incorporated in the financial statements under the appropriate headings.

| | CONSOLIDATED | | PARENT ENTITY | |
|--|------------------|------------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 2 – Revenue | | | | |
| Revenue from operating activities | | | | |
| Sale of goods | 1,287,306 | 986,534 | - | - |
| Livestock income – increase in net market value of livestock* | 91,484 | - | - | - |
| | 1,378,790 | 986,534 | - | - |
| *refer Note 1, Change in Accounting Policy | | | | |
| Revenue from outside operating activities | | | | |
| Interest received | 4,824 | 3,593 | 7,758 | 11,917 |
| Proceeds on sale of non-current assets | 6,061 | 17,484 | 132 | - |
| Management fees – related entities | - | - | 8,356 | 2,981 |
| Dividends received/receivable – related entities | - | - | 9,200 | 7,857 |
| – other | 159 | 24 | - | - |
| Other | 2,948 | 10,039 | 330 | 424 |
| | 13,992 | 31,140 | 25,776 | 23,179 |
| Total revenue (excluding share of equity accounted net profits of associates) | 1,392,782 | 1,017,674 | 25,776 | 23,179 |
| Note 3 – Operating Profit | | | | |
| Profit from ordinary activities before income tax is arrived at after charging and crediting the following items: | | | | |
| Charges | | | | |
| Depreciation and amortisation | | | | |
| Property, plant and equipment | 22,197 | 19,382 | 571 | 334 |
| Goodwill | 5,286 | 4,448 | - | - |
| Borrowing costs | 546 | 599 | 514 | 515 |
| Deferred expenditure | 670 | 312 | - | - |
| Livestock | 722 | 636 | - | - |
| Leased assets | 80 | - | - | - |
| Bad and doubtful debt expense – net | 1,584 | 2,293 | - | - |
| Interest paid | 26,075 | 20,369 | 9,362 | 9,069 |
| Operating lease expense | 13,842 | 9,665 | 648 | 584 |
| Research and development | 3,552 | 2,932 | - | - |
| Loss on sale of property, plant and equipment | 543 | 1,648 | 32 | 1 |
| Loss on sale of investments | 202 | - | - | - |
| Provisions for employee entitlements | 19,397 | 13,465 | - | 158 |
| Credits | | | | |
| Interest received | | | | |
| Related entities | - | - | 7,700 | 11,881 |
| Other persons and corporations | 4,824 | 3,593 | 58 | 36 |
| Profit on sale of non-current assets | 274 | 558 | - | - |
| Foreign exchange gains – net | 299 | 476 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 4 – Significant Items | | | | |
| Profit on sale of birdseed operations (Note 45) | - | 1,289 | - | - |
| Claim settlement | - | 8,351 | - | - |
| Rationalisation of North American operations | - | (6,627) | - | - |
| Loss on restructure of North American customer funding | - | (2,833) | - | - |
| Down-sizing of Cotswold operations in the UK resulting from adverse market conditions: | | | | |
| Write-off of Goodwill | (12,274) | - | - | - |
| Restructuring of operations | (1,783) | - | - | - |
| Ridley AgriProducts restructuring costs and write-downs | (3,761) | - | - | - |
| Significant items before income tax | (17,818) | 180 | - | - |
| Applicable income tax credit/(expense) on significant items | | | | |
| Claim settlement | - | (3,340) | - | - |
| Rationalisation of North American operations | - | 2,593 | - | - |
| Loss on restructure of North American customer funding | - | 1,133 | - | - |
| Ridley AgriProducts restructuring costs and write-downs | 1,278 | - | - | - |
| Significant items after income tax | (16,540) | 566 | - | - |
| Note 5 – Income Tax | | | | |
| The prima facie tax payable on the operating profit is reconciled with the income tax expense as follows: | | | | |
| Profit from ordinary activities before income tax | 30,012 | 26,219 | 9,210 | 8,104 |
| Prima facie tax payable at 34% (2000: 36%) | 10,204 | 9,439 | 3,131 | 2,917 |
| Tax effect of permanent differences: | | | | |
| Non-deductible depreciation and amortisation | 812 | 913 | - | - |
| Non-deductible expenses | 463 | 534 | 12 | 74 |
| Rebateable dividends | (68) | (16) | (3,128) | (2,829) |
| Share of net profits of associates | (1,189) | (1,103) | - | - |
| Significant items non-deductible/(assessable) | 4,779 | (464) | - | - |
| Losses not tax effected | 1,846 | 2,566 | - | - |
| Other items | 278 | (1,333) | (115) | (68) |
| Income tax adjusted for permanent differences | 17,125 | 10,536 | (100) | 94 |
| Prior year losses transferred | - | - | - | (706) |
| Under/(over) provision in previous year | (533) | 146 | (111) | 136 |
| Effect of higher tax rates on overseas income | (40) | 425 | - | - |
| Change in income tax rate (benefit) | - | (287) | - | 18 |
| Income tax expense attributable to operating profit | 16,552 | 10,820 | (211) | (458) |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 6 – Dividends | | | | |
| Ordinary | | | | |
| Interim dividend paid | | | | |
| Fully franked – 2.0 (2000: 2.0) cents per share | 4,783 | 4,747 | 4,783 | 4,747 |
| Final dividend payable | | | | |
| Fully franked – 2.0 (2000: 2.0) cents per share | 4,810 | 4,773 | 4,810 | 4,773 |
| Total dividends provided for or paid | 9,593 | 9,520 | 9,593 | 9,520 |
| The proposed dividends will be franked out of existing franking credits calculated at 30% (2000: 34%) out of franking credits arising from the payment of income tax in the year ending 30 June 2002 and from fully franked dividends receivable. | | | | |
| The estimated amount that could be distributed as dividends and be franked at 30% (2000: 34%) out of existing franking credits and out of franking credits arising from the payment of income tax provided for in the financial statements and from dividends receivable after deducting franking credits applicable to proposed dividends at balance date: | | | | |
| | | | 186 | – |
| Note 7 – Current Assets – Receivables | | | | |
| Trade debtors | 127,764 | 119,018 | – | – |
| Less: Provision for doubtful debts | (2,315) | (2,885) | – | – |
| | 125,449 | 116,133 | – | – |
| Customer loans and advances | 9,793 | 6,486 | – | – |
| Less: Provision for doubtful debts | (6,592) | (4,770) | – | – |
| | 3,201 | 1,716 | – | – |
| Other debtors | 17,340 | 16,615 | 338 | 246 |
| Dividends receivable from controlled entities | – | – | – | 11 |
| | 145,990 | 134,464 | 338 | 257 |
| Note 8 – Current Assets – Inventories | | | | |
| Raw materials and stores | 57,041 | 49,961 | – | – |
| Work in progress | 11,536 | 8,385 | – | – |
| Finished goods | 43,690 | 32,283 | – | – |
| Livestock | 13,385 | 14,847 | – | – |
| | 125,652 | 105,476 | – | – |
| | NUMBER | NUMBER | | |
| Livestock – swine | 101,203 | 142,648 | | |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|--|---------------|---------------|----------------|----------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 9 – Current Assets – Other | | | | |
| Prepayments | 4,512 | 4,183 | 710 | 1,028 |
| Other | 817 | 737 | - | - |
| | 5,329 | 4,920 | 710 | 1,028 |
| Note 10 – Non-Current Assets – Receivables | | | | |
| Customer loans and advances | 30,874 | 25,681 | - | - |
| Less: Provision for doubtful debts | (690) | (327) | - | - |
| | 30,184 | 25,354 | - | - |
| Other debtors | 1,176 | 1,163 | - | - |
| Employee share loans | 170 | 216 | 170 | 216 |
| Amounts owing by related entities | - | - | 221,516 | 220,339 |
| | 31,530 | 26,733 | 221,686 | 220,555 |
| Note 11 – Non-Current Assets – Livestock | | | | |
| Livestock | 9,957 | 8,737 | - | - |
| Less: Provision for amortisation | (4,973) | (3,664) | - | - |
| | 4,984 | 5,073 | - | - |
| | NUMBER | NUMBER | | |
| Livestock – swine | 4,846 | 5,211 | | |
| Note 12 – Non-Current Assets – Other Financial Assets | | | | |
| Shares in other corporations traded on organised markets – at cost | 18 | 6,360 | - | - |
| Less: Provision for diminution | - | (2,719) | - | - |
| | 18 | 3,641 | - | - |
| Shares in controlled entities – at cost | - | - | 5,213 | 3,525 |
| Shares in controlled entities – at valuation (a) | - | - | 101,179 | 101,179 |
| Shares in other corporations – at cost | 3,054 | 1,941 | - | - |
| | 3,072 | 5,582 | 106,392 | 104,704 |
| (a) Shares in controlled entities were revalued by the directors as at 30 June 1999. | | | | |
| Market value of investments traded on organised markets | 8 | 3,563 | - | - |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|----------------|----------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 13 – Non-Current Assets – Property, Plant and Equipment | | | | |
| Land and buildings | | | | |
| At cost | 25,866 | 17,239 | - | - |
| Less: Accumulated depreciation | (1,378) | (96) | - | - |
| At independent valuation 2000 | 182,024 | 177,343 | 4,165 | 4,165 |
| Less: Accumulated depreciation | (3,116) | (64) | - | - |
| Total land and buildings | 203,396 | 194,422 | 4,165 | 4,165 |
| Plant and equipment | | | | |
| At cost | 249,454 | 228,439 | 4,870 | 4,419 |
| Less: Accumulated depreciation | (93,127) | (81,608) | (4,108) | (3,590) |
| Plant and equipment under construction | 5,199 | 9,152 | - | - |
| Under finance lease | 912 | - | - | - |
| Less: Accumulated amortisation | (80) | - | - | - |
| Total plant and equipment | 162,358 | 155,983 | 762 | 829 |
| Summary | | | | |
| Property, plant and equipment: | | | | |
| At cost | 275,320 | 245,678 | 4,870 | 4,419 |
| Under finance lease | 912 | - | - | - |
| At independent valuation 2000 | 182,024 | 177,343 | 4,165 | 4,165 |
| Under construction | 5,199 | 9,152 | - | - |
| Less: Accumulated depreciation | (97,701) | (81,768) | (4,108) | (3,590) |
| | 365,754 | 350,405 | 4,927 | 4,994 |

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Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of current financial year are set out below:

| | LAND AND BUILDINGS \$000 | PLANT AND EQUIPMENT \$000 | TOTAL \$000 |
|--|--------------------------------|---------------------------------|----------------|
| CONSOLIDATED | | | |
| Carrying amount at 1 July 2000 | 194,422 | 155,983 | 350,405 |
| Additions | 795 | 12,281 | 13,076 |
| Disposals | (1,830) | (1,081) | (2,911) |
| Write downs (note 4) | - | (1,647) | (1,647) |
| Foreign currency exchange differences | 13,696 | 15,714 | 29,410 |
| Revaluation decrement (note 26) | (302) | - | (302) |
| Depreciation (note 3) | (3,385) | (18,892) | (22,277) |
| Carrying amount at 30 June 2001 | 203,396 | 162,358 | 365,754 |
| PARENT ENTITY | | | |
| Carrying amount at 1 July 2000 | 4,165 | 829 | 4,994 |
| Additions | - | 668 | 668 |
| Disposals | - | (164) | (164) |
| Depreciation (note 3) | - | (571) | (571) |
| Carrying amount at 30 June 2001 | 4,165 | 762 | 4,927 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 14 – Non-Current Assets – Goodwill | | | | |
| At cost less amounts written off | 95,212 | 119,215 | – | – |
| Less: Accumulated amortisation | (21,172) | (36,230) | – | – |
| | 74,040 | 82,985 | – | – |
| Note 15 – Non-Current Assets – Deferred Tax Assets | | | | |
| Future income tax benefit | 5,011 | 12,366 | 674 | 726 |

Future income tax benefits include the benefit of tax losses in controlled entities of \$680,000 (2000: \$1,882,000). The benefit of tax losses of \$7,164,000 (2000: \$4,391,000) have not been brought to account.

This benefit for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; or
- (ii) the losses are transferred to an eligible entity in the consolidated entity; and
- (iii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iv) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

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Note 16 – Non-Current Assets – Other

| | | | | |
|--------------------------------|---------|---------|---------|---------|
| Deferred expenditure | 6,247 | 5,482 | 3,073 | 3,043 |
| Less: Accumulated amortisation | (4,017) | (2,831) | (2,514) | (2,000) |
| | 2,230 | 2,651 | 559 | 1,043 |

Note 17 – Current Liabilities – Accounts Payable

| | | | | |
|------------------------------|---------|---------|-------|-------|
| Trade creditors and accruals | 137,815 | 114,371 | 1,173 | 1,698 |
|------------------------------|---------|---------|-------|-------|

Note 18 – Current Liabilities – Interest Bearing Liabilities

Secured

| | | | | |
|------------------------------|--------|--------|-----|-----|
| Bank overdraft and loans (a) | 18,553 | 42,596 | 177 | 328 |
| Lease liabilities | 311 | – | – | – |

Unsecured

| | | | | |
|------|--------|--------|-----|-----|
| Loan | 197 | 251 | – | – |
| | 19,061 | 42,847 | 177 | 328 |

(a) Cash and bank overdrafts are netted where the bank accounts are with the same financial institution and where right of set off exists. Bank overdrafts are secured by a fixed and floating charge over certain assets of the consolidated entity.

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 19 – Current Liabilities – Current Tax Liabilities | | | | |
| Income tax | 165 | 135 | - | - |
| Note 20 – Current Liabilities – Provisions | | | | |
| Dividends | 4,811 | 4,776 | 4,811 | 4,776 |
| Employee entitlements (Note 34) | 9,431 | 8,568 | 249 | 310 |
| Rationalisation | 346 | 7,228 | - | - |
| | 14,588 | 20,572 | 5,060 | 5,086 |
| Note 21 – Non-Current Liabilities – Accounts Payable | | | | |
| Creditors | 460 | 528 | 460 | 528 |
| Note 22 – Non-Current Liabilities – Interest Bearing Liabilities | | | | |
| Secured | | | | |
| Loans (a) | 235,323 | 222,928 | 75,000 | 69,000 |
| Lease liabilities | 601 | - | - | - |
| Unsecured | | | | |
| Convertible Notes (b) | 55,764 | 59,764 | 55,764 | 59,764 |
| | 291,688 | 282,692 | 130,764 | 128,764 |
| (a) Bank loans are secured by fixed and floating charges over certain assets of the consolidated entity. | | | | |
| (b) 27,881,929 (2000: 29,881,929) 7.5% unsecured subordinated convertible notes maturing 15 December 2002 convertible into 27,881,929 (2000: 29,881,929) ordinary shares. | | | | |
| Note 23 – Non-Current Liabilities – Deferred Tax Liabilities | | | | |
| Deferred income tax | 28,328 | 23,068 | - | 217 |
| Note 24 – Non-Current Liabilities – Provisions | | | | |
| Employee entitlements (Note 34) | 10,889 | 10,675 | 152 | 204 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | PARENT ENTITY | |
|---|---------------|---------------|
| | 2001 \$000 | 2000 \$000 |
| Note 25 – Contributed Equity | | |
| Paid up capital – 240,482,363 (2000: 238,643,265) ordinary shares | 175,816 | 174,626 |

(a) Movements in issued and paid up ordinary share capital of the Company during the past two years were as follows:

| DATE | DETAILS | NUMBER OF SHARES | ISSUE PRICE \$ | \$000 |
|-----------------|-----------------------------|---------------------|-------------------|---------|
| 01/07/99 | Opening balance | 236,252,521 | | 173,055 |
| 01/09/99 | Convertible notes converted | 497 | 2.00 | 1 |
| 28/10/99 | Dividend Reinvestment Plan | 1,062,511 | 0.8057 | 856 |
| 12/04/00 | Dividend Reinvestment Plan | 853,536 | 0.5753 | 491 |
| 17/04/00 | Employee Share Plan | 474,000 | 0.47 | 223 |
| 17/04/00 | Convertible notes converted | 200 | 2.00 | – |
| 30/06/00 | Balance c/fwd | 238,643,265 | | 174,626 |
| 27/10/00 | Dividend Reinvestment Plan | 936,860 | 0.5772 | 541 |
| 10/04/01 | Dividend Reinvestment Plan | 902,238 | 0.7195 | 649 |
| 30/06/01 | Balance | 240,482,363 | | 175,816 |

(b) At 30 June 2001, 26,335,265 (2000: 27,464,015) options were on issue (refer Note 34). The options are exercisable at various dates up to 12 February 2006, as follows:

| OPTIONS | EXERCISE PRICE | EXERCISE DATE |
|------------|----------------|--------------------------------------|
| 1,200,347 | \$1.65 | 20 January 2000 to 20 January 2002 |
| 181,000 | \$1.65 | 20 January 1999 to 20 January 2002 |
| 23,728,918 | \$0.65 | April 2002 |
| 500,000 | \$0.59 | 1 November 2002 to 1 November 2005 |
| 250,000 | \$0.66 | 8 January 2004 to 8 January 2006 |
| 275,000 | \$0.74 | 29 January 2004 to 29 January 2006 |
| 200,000 | \$0.79 | 12 February 2004 to 12 February 2006 |

| | CONSOLIDATED | | PARENT ENTITY | |
|---|----------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 26 – Reserves | | | | |
| Asset revaluation | 56,406 | 56,708 | 14,051 | 14,051 |
| Foreign currency translation | 28,587 | 13,592 | - | - |
| Capital | 28,487 | 28,487 | - | - |
| | 113,480 | 98,787 | 14,051 | 14,051 |
| Asset revaluation reserve | | | | |
| Balance at 1 July 2000 | 56,708 | 7,291 | 14,051 | 13,884 |
| Add/(deduct) increment/(decrement) arising from revaluation of land and buildings in 2000 | (302) | 49,417 | - | 167 |
| Balance at 30 June 2001 | 56,406 | 56,708 | 14,051 | 14,051 |
| Foreign currency translation reserve | | | | |
| Balance at 1 July 2000 | 13,592 | 4,415 | - | - |
| Add: movement arising from translation of foreign controlled entities | 14,995 | 9,177 | - | - |
| Balance at 30 June 2001 | 28,587 | 13,592 | - | - |

Nature and purpose of reserves

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in the accounting policies. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(b) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities, are taken to the foreign currency translation reserve, as described in the accounting policies.

(c) Capital reserve

The capital reserve arose on the issue of shares in a controlled entity to outside equity interests.

| | CONSOLIDATED | | PARENT ENTITY | |
|--|----------------|-----------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 27 – Shareholders' Equity – Retained Profits/ (Accumulated Losses) | | | | |
| Retained profits/(accumulated losses) at the beginning of the financial year | (12,554) | (17,542) | 7,809 | 8,767 |
| Adjustment resulting from a change in accounting policy governing the valuation of livestock | 213 | - | - | - |
| Net profit attributable to members of Ridley Corporation Limited | 12,092 | 14,508 | 9,421 | 8,562 |
| Dividends provided for or paid (Note 6) | (9,593) | (9,520) | (9,593) | (9,520) |
| Retained profits/(accumulated losses) at the end of the financial year | (9,842) | (12,554) | 7,637 | 7,809 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|----------------|----------------|----------------|----------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 28 – Outside Equity Interests in Controlled Entities | | | | |
| Interest in: | | | | |
| Share capital | 23,862 | 25,677 | – | – |
| Reserves | 13,164 | 7,084 | – | – |
| Retained earnings | 9,941 | 9,190 | – | – |
| | 46,967 | 41,951 | – | – |
| Note 29 – Equity | | | | |
| Total equity at the beginning of the financial year | 302,810 | 236,994 | 196,486 | 195,706 |
| Total changes in equity recognised in the statement of financial performance | 26,998 | 73,102 | 9,421 | 8,729 |
| Transactions with owners as owners | | | | |
| Contributions of equity | 1,190 | 1,571 | 1,190 | 1,571 |
| Dividends provided or paid | (9,593) | (9,520) | (9,593) | (9,520) |
| Total changes in outside equity interest | 5,016 | 663 | – | – |
| Total equity at the end of the financial year | 326,421 | 302,810 | 197,504 | 196,486 |

Note 30 – Financial Instruments

(a) Off-balance Sheet Derivative Instruments

Ridley Corporation Limited and its controlled entities are parties to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and commodity prices.

Interest Rate Swap Contracts

At balance date bank loans of the consolidated entity incur an average variable interest rate of 7.15% (2000: 7.99%). It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it has fixed the interest rate payable. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or creditors and accruals.

The contracts require settlement of net interest receivable or payable. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps in place cover approximately 53% (2000: 66%) of the loan principal outstanding. The fixed rate on the swaps, including margins, is 8.87% (2000: 8.25%).

At 30 June 2001, the notional principal amounts and periods of expiry of the contracts are as follows:

| | 2001 \$000 | 2000 \$000 |
|-----------|----------------|----------------|
| 0–1 year | 69,163 | 46,709 |
| 1–2 years | 45,142 | 81,169 |
| 2–3 years | 20,000 | 28,121 |
| 3–4 years | – | 20,000 |
| | 134,305 | 175,999 |

Note 30 – Financial Instruments (continued)

(a) Off-balance Sheet Derivative Instruments (continued)

At balance date controlled entities have external contracts to hedge future sales denominated in foreign currencies. The terms of the contracts are for less than one year. At 30 June 2001 the controlled entities have contracted to sell US\$233,000 for \$451,000 (2000: US\$445,000 for Canadian \$647,000).

As these contracts are hedging anticipated future purchases and sales, any realised gains and losses on the contracts, together with the cost of contracts, are deferred and will be recognised in the measurement of the underlying transaction. Included in the amounts deferred are any gains and losses on hedging contracts terminated prior to maturity where the related transaction is still expected to occur.

The following gains, losses and costs have been deferred at 30 June 2001:

| | 2001 \$000 | 2000 \$000 |
|-------------------|---------------|---------------|
| Unrealised losses | (8) | (13) |

(b) Credit Risk Exposures

The credit risk on financial assets of the consolidated entity, which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

The recognised financial assets of the consolidated entity include amounts receivable arising from unrealised gains on derivative financial instruments. For off-balance sheet financial instruments, including derivatives, which are deliverable, credit risk also arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

(c) Interest Rate Risk Exposures

The consolidated entity'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 consolidated entity intends to hold fixed rate assets and liabilities to maturity.

| | NOTES | FLOATING INTEREST RATE \$000 | 2001 FIXED INTEREST MATURING IN: | | | NON- INTEREST BEARING \$000 | TOTAL \$000 |
|------------------------------------|-------|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------------|----------------|
| | | | 1 YEAR OR LESS \$000 | OVER 1 TO 5 YEARS \$000 | MORE THAN 5 YEARS \$000 | | |
| Financial Assets | | | | | | | |
| Cash and deposits | | 13,229 | - | - | - | 5,138 | 18,367 |
| Receivables | 7,10 | - | 13,009 | 15,966 | 2,385 | 146,160 | 177,520 |
| | | 13,229 | 13,009 | 15,966 | 2,385 | 151,298 | 195,887 |
| Weighted average interest rate | | 4.0% | 8.5% | 8.5% | 8.5% | | |
| Financial Liabilities | | | | | | | |
| Loans and bank overdrafts | 18,22 | 254,073 | - | - | - | - | 254,073 |
| Trade and other creditors | 17,21 | - | - | - | - | 138,275 | 138,275 |
| Convertible notes | 22 | - | - | 55,764 | - | - | 55,764 |
| Lease liabilities | 18,22 | - | 311 | 601 | - | - | 912 |
| Interest rate swaps* | | (134,305) | 69,163 | 65,142 | - | - | - |
| | | 119,768 | 69,474 | 121,507 | - | 138,275 | 449,024 |
| Weighted average interest rate | | 7.15% | 8.96% | 7.97% | - | | |
| Net financial assets (liabilities) | | (106,539) | (56,465) | (105,541) | 2,385 | 13,023 | (253,137) |

*Notional principal amounts

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 30 – Financial Instruments (continued)

(c) Interest Rate Risk Exposures (continued)

| NOTES | FLOATING INTEREST RATE \$000 | 2000 FIXED INTEREST MATURING IN: | | | NON- INTEREST BEARING \$000 | TOTAL \$000 |
|------------------------------------|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------------|----------------|
| | | 1 YEAR OR LESS \$000 | OVER 1 TO 5 YEARS \$000 | MORE THAN 5 YEARS \$000 | | |
| Financial Assets | | | | | | |
| Cash and deposits | 14,391 | – | – | – | 4,345 | 18,736 |
| Receivables | 7,10 | – | 1,609 | 24,794 | 1,226 | 133,568 |
| | | 14,391 | 1,609 | 24,794 | 1,226 | 137,913 |
| Weighted average interest rate | 5.26% | 8.19% | 8.39% | 8.18% | | |
| Financial Liabilities | | | | | | |
| Loans and bank overdrafts | 18,22 | 265,177 | 60 | 338 | 68 | 132 |
| Trade and other creditors | 17,21 | – | – | – | – | 114,899 |
| Convertible notes | 22 | – | – | 59,764 | – | – |
| Interest rate swaps* | | (175,999) | 46,709 | 129,290 | – | – |
| | | 89,178 | 46,769 | 189,392 | 68 | 115,031 |
| Weighted average interest rate | 7.50% | 7.09% | 8.30% | 8.25% | | |
| Net financial assets (liabilities) | | (74,787) | (45,160) | (164,598) | 1,158 | 22,882 |
| | | | | | | (260,505) |

*Notional principal amounts

Reconciliation of Net Financial Assets to Net Assets

| NOTES | 2001 \$000 | 2000 \$000 |
|--|----------------|---------------|
| Net financial liabilities as above | (253,137) | (260,505) |
| Non-financial assets and liabilities | | |
| Inventories | 8 | 125,652 |
| Livestock | 11 | 4,984 |
| Investments and other financial assets | 12,47 | 50,528 |
| Property, plant and equipment | 13 | 365,754 |
| Goodwill | 14 | 74,040 |
| Other assets | 9,15,16 | 12,570 |
| Provisions | 19, 20, 23, 24 | (53,970) |
| Net assets per balance sheet | 326,421 | 302,810 |

(d) Net Fair Value of Financial Assets and Liabilities

(i) On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying value.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

(ii) Off-balance sheet

For forward exchange contracts, the net fair value is taken to be the unrealised gain or loss at balance date calculated by reference to the current spot rate.

Note 30 – Financial Instruments (continued)

(c) Interest Rate Risk Exposures (continued)

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

| | 2001 | | 2000 | |
|--|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | CARRYING AMOUNT \$000 | NET FAIR VALUE \$000 | CARRYING AMOUNT \$000 | NET FAIR VALUE \$000 |
| On-balance sheet financial instruments | | | | |
| Financial assets | | | | |
| Trade debtors | 125,449 | 125,449 | 116,133 | 116,133 |
| Cash and deposits | 18,367 | 18,367 | 18,736 | 18,736 |
| Other debtors | 52,071 | 52,071 | 45,064 | 45,064 |
| | 195,887 | 195,887 | 179,933 | 179,933 |
| Financial liabilities | | | | |
| Loans and bank overdrafts | 254,073 | 254,073 | 265,775 | 265,775 |
| Trade and other creditors | 138,275 | 138,275 | 114,899 | 114,899 |
| Convertible notes | 55,764 | 55,764 | 59,764 | 59,764 |
| Lease liabilities | 912 | 912 | - | - |
| | 449,024 | 449,024 | 440,438 | 440,438 |
| Off-balance sheet financial instruments | | | | |
| Financial liabilities | | | | |
| Forward exchange contracts | 8 | 8 | 13 | 13 |

Other than convertible notes, none of the classes of financial assets and liabilities are readily traded on organised markets in standard form.

| | CONSOLIDATED | | PARENT ENTITY | |
|--|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 31 – Commitments for Expenditure | | | | |
| Capital expenditure contracted for and payable not later than one year | 4,105 | 1,350 | - | - |
| Operating leases contracted but not provided for in the accounts: | | | | |
| Due within 1 year | 9,604 | 9,084 | 760 | 300 |
| Due within 1-2 years | 6,192 | 6,240 | 795 | 65 |
| Due within 2-5 years | 7,868 | 6,099 | 1,918 | 48 |
| Due after 5 years | 4,491 | 1,231 | - | - |
| | 28,155 | 22,654 | 3,473 | 413 |
| Finance leases contracted for as follows: | | | | |
| Due within 1 year | 336 | - | - | - |
| Due within 1-2 years | 312 | - | - | - |
| Due within 2-5 years | 338 | - | - | - |
| Minimum lease payments | 986 | - | - | - |
| Deduct: Future finance charges | 74 | - | - | - |
| Lease liabilities | 912 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 31 – Commitments for Expenditure | | | | |
| <i>(continued)</i> | | | | |
| Management fees and livestock purchase commitments contracted but not provided for in the accounts: | | | | |
| Due within 1 year | 20,547 | 15,288 | – | – |
| Due within 1–2 years | 6,080 | 11,018 | – | – |
| Due within 2–5 years | 6,726 | 16,075 | – | – |
| Due after 5 years | 3,000 | 2,923 | – | – |
| | 36,353 | 45,304 | – | – |

The consolidated entity contracts with third party producers pursuant to various swine management, grow-out and feeding agreements. Under the terms of the agreements, livestock owned by the consolidated entity is managed and maintained in the producers' facilities for which the consolidated entity pays the producer a management fee.

The consolidated entity contracts with third party producers pursuant to various weanling supply agreements. Under the terms of the agreement, all livestock raised by the producer must be delivered to the consolidated entity at a price specified in the agreement.

Note 32 – Contingent Liabilities

The consolidated entity has guaranteed certain debts and obligations of various customers totalling \$6,699,000 (2000: \$3,185,000).

Secured guarantees by the parent entity in respect of borrowings and other obligations of controlled entities were \$2,120,570 (2000: \$2,973,000). The guarantees are secured by a fixed and floating charge over certain assets of the consolidated entity.

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

| | CONSOLIDATED | | PARENT ENTITY | |
|---|------------------|------------------|----------------|----------------|
| | 2001 \$ | 2000 \$ | 2001 \$ | 2000 \$ |
| Note 33 – Remuneration of Auditors | | | | |
| Amounts received or due and receivable by the auditors for: | | | | |
| (a) Auditing of the accounts and consolidated accounts | | | | |
| PricewaterhouseCoopers – Australia | 224,300 | 211,900 | 102,800 | 96,900 |
| PricewaterhouseCoopers – International | 525,115 | 487,109 | – | – |
| (b) Other services | | | | |
| PricewaterhouseCoopers – Australia | 350,279 | 320,618 | 299,740 | 293,201 |
| PricewaterhouseCoopers – International | 512,320 | 200,520 | – | – |
| | 1,612,014 | 1,220,147 | 402,540 | 390,101 |

| | CONSOLIDATED | | PARENT ENTITY | |
|--|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 34 – Employee Entitlements | | | | |
| Aggregate employee entitlements including on-costs | | | | |
| – Current (Note 20) | 9,431 | 8,568 | 249 | 310 |
| – Non-current (Note 24) | 10,889 | 10,675 | 152 | 204 |
| | 20,320 | 19,243 | 401 | 514 |

Share Option Plans

(i) Employee Option Plan

Under the Employee Option Plan permanent employees of the consolidated entity with twelve months service may be offered up to 500 options in a year, each of which represents a right to acquire one fully paid ordinary share in the capital of the Company. No money is paid to the Company until the options are exercised. The options have a maximum duration of five years and lapse if not exercised within five years from the date of grant or within one month of leaving the consolidated entity. The options can only be exercised after a minimum of two years from the date of grant with certain minor exceptions.

The exercise price of each option is the weighted average price over the five trading days on the Australian Stock Exchange prior to the date of grant.

No options were offered or issued under this plan during the year ended 30 June 2001 (2000: Nil).

No (2000: Nil) ordinary shares were issued during the year ended 30 June 2001 on the exercise of options granted under the plan.

Details of options outstanding under the plan are as follows:

| OPTIONS | EXERCISE PRICE | EXERCISE DATE |
|---------|----------------|------------------------------------|
| 181,000 | \$1.65 | 20 January 1999 to 20 January 2002 |

The Employee Option Plan was approved by shareholders at the 1993 Annual General Meeting and subsequently amended at the 1996 Annual General Meeting.

(ii) Incentive Option Plan

Under the Incentive Option Plan certain employees and executive directors of the consolidated entity may be offered a number of options, each of which will represent a right to acquire one fully paid ordinary share in the capital of the Company. The purpose of the Incentive Option Plan is to provide a method whereby senior officers and executive directors of the Company and its related bodies corporate share in the future growth and prosperity of the Company.

Offers made under the plan are subject to certain minimum financial performance criteria being satisfied. If these criteria are not satisfied the options lapse. No money is paid to the Company until the option is exercised. The options have a maximum duration of five years and lapse if not exercised within five years from the date of grant, or within one month of leaving the consolidated entity. The options can only be exercised after a minimum of three years from the date of grant with certain minor exceptions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 34 – Employee Entitlements (continued)

(ii) Incentive Option Plan (continued)

The exercise price of each option is the weighted average price over the five trading days on the Australian Stock Exchange prior to the date of grant. Details of options outstanding under the plan at balance date are as follows:

| OPTIONS | EXERCISE PRICE | EXERCISE DATE |
|-----------|----------------|--------------------------------------|
| 1,200,347 | \$1.65 | 20 January 2000 to 20 January 2002 |
| 500,000 | \$0.59 | 1 November 2002 to 1 November 2005 |
| 250,000 | \$0.66 | 8 January 2004 to 8 January 2006 |
| 275,000 | \$0.74 | 29 January 2004 to 29 January 2006 |
| 200,000 | \$0.79 | 12 February 2004 to 12 February 2006 |

The following (2000: Nil) options were granted under the plan.

| | | |
|---------|--------|--------------------------------------|
| 500,000 | \$0.59 | 1 November 2002 to 1 November 2005 |
| 250,000 | \$0.66 | 8 January 2004 to 8 January 2006 |
| 275,000 | \$0.74 | 29 January 2004 to 29 January 2006 |
| 200,000 | \$0.79 | 12 February 2004 to 12 February 2006 |

No (2000: Nil) ordinary shares were issued during the year ended 30 June 2001 on the exercise of options granted under the plan.

The Incentive Option Plan was approved by shareholders at the 1993 Annual General Meeting and subsequently amended at the 1996 Annual General Meeting.

(iii) Employee Share Plan

At the 1999 Annual General Meeting shareholders approved the introduction of the Ridley Share Plan. No shares were offered or issued under this plan during the year (2000: 474,000 shares). The total loan amount outstanding at 30 June 2001 was \$170,000 (2000: \$216,000).

(iv) Ridley Inc. – Stock Option Plan

Under the Ridley Inc. Stock Option Plan, options to purchase common shares of Ridley Inc. may be granted to employees, directors and service providers of Ridley Inc. and its controlled entities and affiliates. The purpose of the Stock Option Plan is to advance the interests of Ridley Inc. by affording such persons the opportunity of benefiting from increases in shareholder value, thereby more closely aligning their interests with those of the shareholders of Ridley Inc.

Options granted under the plan will have an exercise price of not less than the market price of the common shares of Ridley Inc. at the time of grant based on the closing sale price of common shares on the business day immediately prior and are exercisable over a maximum of ten years.

On 6 November 2000, options to acquire 387,000 common shares at an exercise price of Canadian \$5.38 per common share were granted. The options are for a term of six years and vest two years from the date of grant. Options outstanding under the plan at balance date are as follows:

| OPTIONS | EXERCISE PRICE | EXERCISE DATE |
|---------|----------------|--------------------------------------|
| 257,000 | C\$10.65 | 3 September 2000 to 3 September 2004 |
| 294,000 | C\$6.50 | 1 December 2001 to 1 December 2005 |
| 375,000 | C\$5.38 | 6 November 2002 to 6 November 2006 |

Note 34 – Employee Entitlements (continued)

Superannuation

Ridley Corporation Limited and its controlled entities participate in a number of superannuation funds in Australia and North America. 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 consolidated entity make contributions as specified in the rules of the respective funds.

The assets of all funds were sufficient to satisfy all benefits, which would have been vested in the event of termination of the funds, or in the event of the voluntary or compulsory termination of the employment of each employee.

Company 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 consolidated entity to comply with its obligations in terms of the Superannuation Guarantee Act.

Other contributions are in the main legally enforceable, with the right to terminate, reduce or suspend these contributions upon giving written notice to the trustees. The level of contributions to the defined benefit funds in the future will be reviewed on the advice of each fund's actuary from time to time and at the time of the triennial or annual valuations. The basis of contributions to the various plans is determined as a percentage of members' salaries or as required by the actuarial valuation.

The superannuation funds, which were in operation during the year, are as follows:

A. Defined Benefit Funds

(i) Ridley Superannuation Plan

Last actuarial assessment as at 1 July 2000 by, Stephen Defina F.I.A.A.

Based on calculations made as part of this assessment the directors are of the view that the assets of the fund are sufficient to satisfy all benefits that would have been vested under the fund in the event of the termination of the fund or voluntary or compulsory termination of employment of each employee as at the reporting date.

| | 2001 \$000 | 2000 \$000 |
|--|---------------|---------------|
| Present value of employees accrued benefits (a) | 8,980 | 17,198 |
| Net market value of assets held by the fund to meet future benefit payments (b) | 9,130 | 19,714 |
| Excess of assets held to meet future benefit payments over the present value of employees accrued benefits | 150 | 2,516 |
| Vested benefits (b) | 8,916 | 18,947 |
| Employer contributions to the fund year end 30 June 2001 | 483 | 841 |

(a) As at 1 July 2000 for 2001 and as at 1 July 1997 for 2000.

(b) As at 1 July 2000 for 2001 and as 30 June 1999 for 2000.

In 2001 employees were given the option to transfer to an accumulation plan.

Contributing Companies Ridley Corporation Limited
 Cheetham Salt Limited
 Ridley AgriProducts Pty Ltd
 Farmstock Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 34 – Employee Entitlements (continued)

Superannuation (continued)

A. Defined Benefit Funds (continued)

(ii) Hubbard Feeds Inc. Salaried Employees Retirement Plan

Last Actuarial Assessment as at 30 April 2001 by D. A. Anderson, A.S.A., M.A.A, E.A.

| | 2001 \$000 | 2000 \$000 |
|--|---------------|---------------|
| Present value of employees accrued benefits | 11,219 | 7,932 |
| Net market value of assets held by the fund to meet future benefit payments | 9,618 | 6,712 |
| Deficiency of assets held to meet future benefit payments | (1,601) | (1,220) |
| Vested benefits | 7,923 | 5,516 |
| Employer contributions to the fund year end 30 June 2001 | 1,673 | 770 |
| | | |
| (iii) Hubbard Feeds Inc. Pension Plan for Hourly Wage Employees | | |
| Last Actuarial Assessment as at 30 April 2001 by D. A. Anderson, A.S.A., M.A.A, E.A. | | |
| Present value of employees accrued benefits | 6,257 | 4,330 |
| Net market value of assets held by the fund to meet future benefit payments | 5,196 | 4,220 |
| Deficiency of assets held to meet future benefit payments | (1,061) | (110) |
| Vested benefits | 5,908 | 4,256 |
| Employer contributions to the fund year end 30 June 2001 | 318 | 341 |

The deficiencies in the Hubbard Feeds Inc. funds have been fully provided for. The 2001 information is as at 30 April 2001 and 2000 is as at 30 April 2000.

B. Defined Contribution Funds

Actuarial assessments are not applicable to these types of funds as benefits are based on an accumulation of defined contributions.

| NAME OF FUND | COUNTRY |
|--|-----------|
| Ridley Superannuation Plan | Australia |
| Staff Pension Plan for all Employees of Ridley Inc. and Associated Companies | Canada |

Note 35 – Related Party Disclosures

Directors

The names of persons who were directors of Ridley Corporation Limited at any time during the financial year are set out in the Directors' Report.

Remuneration, Retirement Benefits and Service Agreements

Information on remuneration of directors is disclosed in Notes 36, 37 and 38.

Transactions of Directors and Director-Related Entities concerning Shares, Options and Convertible Notes

Aggregate numbers of ordinary shares, options and convertible notes acquired during the year by directors or their director-related entities were as follows:

| | PARENT ENTITY | | CONTROLLED ENTITY | |
|--|---------------|-----------|-------------------|--------|
| | 2001 | 2000 | 2001 | 2000 |
| Acquired/Issued | | | | |
| Ordinary shares | 267,977 | 1,221,116 | – | 500 |
| Options | 500,000 | 245,688 | 21,000 | 49,000 |
| Convertible notes | 14,000 | – | – | – |
| Disposed | | | | |
| Ordinary shares | 680,000 | – | – | – |
| Convertible notes | – | 1,195 | – | – |
| Options | 608 | – | – | – |
| All transactions relating to shares, convertible notes and options, other than employee options, were on the same basis as similar transactions with other shareholders. | | | | |
| Aggregate numbers of ordinary shares, options and convertible notes held directly, indirectly or beneficially by directors or their director-related entities at balance date: | | | | |
| Ordinary shares | 1,291,041 | 1,921,192 | 800 | 10,000 |
| Options | 734,919 | 1,111,313 | 42,000 | 98,000 |
| Convertible notes | 14,918 | 2,625 | – | – |

Other Transactions of Directors and Director-Related Entities

A former director, Mr R G Seldon, is a director of Seldon and Associates, who provided consulting advice on an arm's-length basis. Aggregate fees in terms of this service were \$180,000 (2000: \$120,000). The agreement to provide consulting advice has been terminated.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 35 – Related Party Disclosures (continued)

Other Related Parties

Salpak Pty Ltd, Western Salt Refinery Pty Ltd, Dominion Salt Limited, Dominion Salt (N.I.) Limited, Cerebos-Skellerup Limited and Our Bird Pty Ltd are associated entities due to the shareholding and representation by Ridley Corporation Limited on the board of directors. Information relating to material interests in associated entities is set out in Note 47.

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties were as follows:

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Management and directors fees – Associated entities | 307 | 296 | – | – |
| Aggregate amounts brought to account in relation to other transactions with each class of other related parties: | | | | |
| Supply of products to associated entities | 7,165 | 6,320 | – | – |
| Supply of products by associated entities | 1,310 | 1,425 | – | – |
| Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The transactions referred to above were made on normal commercial terms and conditions. | | | | |
| Aggregated amounts receivable from, and payable to, each class of other related parties at balance date were as follows: | | | | |
| Current receivables – Associated entities | 2,756 | 994 | – | – |
| Current payables – Associated entities | 63 | 62 | – | – |

Wholly Owned Group

Information relating to controlled entities is set out in Note 46.

Transactions between Ridley Corporation Limited and controlled entities consisted of:

- (a) Interest charged on outstanding balances
- (b) Payment of dividends to Ridley Corporation Limited
- (c) Management charges
- (d) Rent for use of assets
- (e) Sale of non-current assets

Note 35 – Related Party Disclosures (continued)

Wholly Owned Group (continued)

| | PARENT ENTITY | |
|---|---------------|---------------|
| | 2001 \$000 | 2000 \$000 |
| Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with controlled entities were as follows: | | |
| Interest revenue | 7,700 | 11,881 |
| Dividend revenue | 9,200 | 7,857 |
| Management charges | 8,356 | 2,981 |
| Rental income | 81 | 216 |
| Aggregate amounts receivable from controlled entities at balance date were as follows: | | |
| Current receivable | - | 11 |
| Non-current receivable | 221,517 | 220,340 |

Note 36 – Remuneration of Directors

Consolidated

Amounts paid or payable or otherwise made available to directors of the Company or related entities were \$1,156,100 (2000: \$2,320,284).

Parent Entity

Amounts paid or payable or otherwise made available to directors of Ridley Corporation Limited including the fees paid to directors of Ridley Inc. who are also directors of the parent entity, were \$1,072,521 (2000: \$2,236,191) and were within the following bands:

| \$ | 2001 | 2000 |
|------------------------|------|------|
| 10,000 – 19,999 | 1 | - |
| 40,000 – 49,999 | 4 | 4 |
| 70,000 – 79,999* | 1 | - |
| 80,000 – 89,999 | - | 1 |
| 140,000 – 149,000 | - | 1 |
| 220,000 – 229,999* # | 2 | - |
| 360,000 – 369,999# | 1 | - |
| 1,830,000 – 1,839,999* | - | 1 |

*Includes termination benefits

Includes the value of options issued during the year

Directors' remuneration excludes insurance premiums paid by the Company in respect of directors' and officers' liability insurance contracts, as the contracts do not specify premiums paid in respect of individual directors or officers. Information relating to the insurance contracts is set out in the Directors' Report.

Note 37 – Retirement Benefits of Directors

Amounts received or due and receivable by non-executive directors in connection with their retirement as directors of Ridley Corporation Limited during the year was \$162,276.

The amount above was paid within the provisions of the Corporations Act 2001.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|--------------|------------|---------------|------------|
| | 2001 \$ | 2000 \$ | 2001 \$ | 2000 \$ |
| Note 38 – Executive Remuneration (including Executive Directors) | | | | |
| Amounts received, or due and receivable by executives of Ridley Corporation Limited and of the consolidated entity whose remuneration equals or exceeds \$100,000 | 4,033,833 | 6,008,908 | 2,079,622 | 3,120,623 |

The number of executive officers (including executive directors) whose income (including termination benefits) from entities in the consolidated entity and related entities was within the specified bands are as follows:

| \$ | 2001 | 2000 | 2001 | 2000 |
|--------------------------|------|------|------|------|
| 100,000 – 109,999 *# | 5 | 5 | 1 | – |
| 110,000 – 119,999 * | 4 | 4 | – | 1 |
| 120,000 – 129,999 * | 1 | 2 | – | – |
| 130,000 – 139,999 | 1 | 4 | 1 | – |
| 140,000 – 149,999 | 2 | 2 | – | 1 |
| 150,000 – 159,999 | 2 | 2 | – | 1 |
| 160,000 – 169,999 | – | 1 | – | – |
| 170,000 – 179,999 * | 1 | 2 | – | – |
| 180,000 – 189,999 *# | 2 | 1 | 1 | 1 |
| 190,000 – 199,999 | – | 1 | – | 1 |
| 210,000 – 219,999 | 1 | – | 1 | – |
| 220,000 – 229,999 | – | 1 | – | 1 |
| 240,000 – 249,999 | 1 | – | 1 | – |
| 270,000 – 279,999 | – | 1 | – | 1 |
| 360,000 – 369,999 # | 1 | – | 1 | – |
| 390,000 – 399,999 *# | 1 | 1 | 1 | – |
| 430,000 – 439,999 * | 1 | – | 1 | – |
| 1,830,000 – 1,839,999 *# | – | 1 | – | 1 |

* Includes termination benefits

Includes the value of options issued during the year

A summary of the numbers of options granted to and exercised by executive officers (with income of at least \$100,000) during the year ended 30 June 2001 is set out below. The terms and conditions relating to the options are set out in Note 34.

| PARENT ENTITY OPTIONS | GRANTED | EXERCISED | OUTSTANDING |
|---|-----------|-----------|-------------|
| Executive officers of the parent entity | 1,225,000 | – | 1,383,988 |
| Executive officers of controlled entities | – | – | 72,939 |
| | 1,225,000 | – | 1,456,927 |

Executive officers exclude employees of overseas entities.

Note 39 – Industry and Geographical Data

Industry Segment

| INDUSTRY SEGMENTS | STOCKFEED AND RURAL PRODUCTS | | | | | | TOTAL 2001 \$000 |
|---|------------------------------|----------------|----------------|----------------|----------------|------------------------------|------------------------|
| | SALT | AGRIPRODUCTS | CANADA | USA | COTSWOLD | UNALLOCATED & ELIMINATION | |
| | 2001 \$000 | 2001 \$000 | 2001 \$000 | 2001 \$000 | 2001 \$000 | 2001 \$000 | |
| External Sales ⁽ⁱ⁾ ⁽ⁱⁱ⁾ | 64,925 | 430,857 | 225,767 | 599,353 | 57,888 | – | 1,378,790 |
| Internal Sales | 1,730 | – | 5,996 | 4,459 | 1,469 | (13,654) | – |
| Share of net profit of associates | 3,499 | – | – | – | – | – | 3,499 |
| Other Revenue ⁽ⁱⁱ⁾ | 577 | 407 | 1,736 | 2,229 | 258 | 3,961 | 9,168 |
| Total Revenue | 70,731 | 431,264 | 233,499 | 606,041 | 59,615 | (9,693) | 1,391,457 |
| Segment Result ⁽ⁱⁱ⁾ | 19,706 | 12,386 | 12,130 | 42,777 | (8,742) | (8,631) | 69,626 |
| Segment Assets | 189,738 | 179,649 | 118,619 | 248,424 | 31,530 | 61,455 | 829,415 |
| | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 |
| External Sales ⁽ⁱ⁾ ⁽ⁱⁱ⁾ | 58,722 | 378,358 | 180,110 | 322,515 | 46,829 | – | 986,534 |
| Internal Sales | 1,704 | – | 4,885 | 2,227 | 966 | (9,782) | – |
| Share of net profit of associates | 3,003 | 61 | – | – | – | – | 3,064 |
| Other Revenue ⁽ⁱⁱ⁾ | 163 | 1,026 | 814 | 2,981 | 27 | 7,427 | 12,438 |
| Total Revenue | 63,592 | 379,445 | 185,809 | 327,723 | 47,822 | (2,355) | 1,002,036 |
| Segment Result ⁽ⁱⁱ⁾ | 21,621 | 9,850 | 5,983 | 20,982 | (7,424) | (7,598) | 43,414 |
| Segment Assets | 185,105 | 176,682 | 108,968 | 233,177 | 40,234 | 53,532 | 797,698 |

(i) Includes increase in net market value of livestock

(ii) Excludes significant items of revenue and expenses

Stockfeed and Rural Products

Produces and markets stock and poultry feeds, birdseeds, vitamin and mineral supplements, swine production, and rural merchandise.

Salt

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

Cotswold

Develops and sells swine genetics.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 39 – Industry and Geographical Data (continued)

Geographic Segment

The consolidated entity operates in Australia and North America and the European Union.

| GEOGRAPHIC SEGMENTS | AUSTRALASIA | NORTH AMERICA | EUROPEAN UNION | ELIMINATION | TOTAL |
|---------------------------------------|----------------|----------------|----------------|-----------------|------------------|
| | 2001 \$000 | 2001 \$000 | 2001 \$000 | 2001 \$000 | 2001 \$000 |
| External Sales ⁽ⁱ⁾ | 495,782 | 852,699 | 30,309 | – | 1,378,790 |
| Other revenue ⁽ⁱⁱ⁾ | 4,946 | 3,964 | 258 | – | 9,168 |
| Share of net profit of associates | 3,499 | – | – | – | 3,499 |
| Total revenue | 504,227 | 856,663 | 30,567 | – | 1,391,457 |
| Segment result ⁽ⁱⁱ⁾ | 25,819 | 48,611 | (4,804) | – | 69,626 |
| Segment Assets | 419,843 | 431,059 | 11,696 | (33,183) | 829,415 |
| | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 | 2000 \$000 |
| External Sales ⁽ⁱ⁾ | 437,080 | 521,136 | 28,318 | – | 986,534 |
| Other revenue ⁽ⁱⁱ⁾ | 8,416 | 3,995 | 27 | – | 12,438 |
| Share of net profit of associates | 3,064 | – | – | – | 3,064 |
| Total revenue | 448,560 | 525,131 | 28,345 | – | 1,002,036 |
| Segment result ⁽ⁱⁱ⁾ | 26,446 | 22,803 | (5,835) | – | 43,414 |
| Segment Assets | 412,917 | 390,791 | 23,852 | (29,862) | 797,698 |

(i) Includes increase in net market value of livestock

(ii) Excludes significant items of revenue and expenses

The basis of intersegmental pricing is market pricing.

Results are calculated on a before net interest borrowing costs, significant items and tax expense basis. Segment assets exclude deferred tax assets, customer loans and cash (which have been included as an unallocated asset). Segment assets include goodwill.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|--|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 40(i) – Reconciliation of net cash inflow from operating activities to operating profit after income tax | | | | |
| Net cash inflow from operating activities | 60,622 | 54,049 | 9,696 | 22,823 |
| Depreciation and amortisation | (29,501) | (25,377) | (1,085) | (849) |
| Net loss on sale of non-current assets | (471) | (1,090) | (32) | (1) |
| Other | (274) | 292 | 6 | (2) |
| Significant items | (12,274) | (8,171) | - | - |
| Dividends in excess of equity profits | (851) | (876) | - | - |
| Change in operating assets and liabilities, net of effects from purchase of controlled entities: | | | | |
| Increase/(decrease) in trade debtors and doubtful debt provision | 6,126 | (4,119) | - | - |
| Increase/(decrease) in inventories | 10,833 | 2,849 | - | - |
| Increase/(decrease) in deferred tax assets | (1,822) | (5,409) | (204) | 308 |
| Increase/(decrease) in other debtors | (7,051) | 5,242 | 80 | (14,075) |
| Increase/(decrease) in prepayments | 344 | 680 | (367) | 509 |
| Increase/(decrease) in deferred expenditure | 764 | - | 484 | 48 |
| Decrease/(increase) in trade creditors | (20,744) | (5,968) | 360 | (919) |
| Decrease/(increase) in employee provisions | 908 | 1,818 | 114 | 3 |
| Decrease/(increase) in other provisions | 15,838 | 742 | - | (60) |
| Decrease/(increase) in provision for income tax payable | (585) | 6,738 | - | 898 |
| Decrease/(increase) in provision for deferred income tax | (8,402) | (6,001) | 369 | (121) |
| Operating profit after income tax | 13,460 | 15,399 | 9,421 | 8,562 |

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Note 40(ii) – Reconciliation of cash | | | | |
| For the purpose of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows: | | | | |
| Cash | 17,612 | 18,230 | 4 | 3 |
| Short term deposits | 755 | 506 | - | - |
| | 18,367 | 18,736 | 4 | 3 |
| Bank overdraft | - | - | (177) | (328) |
| Total cash | 18,367 | 18,736 | (173) | (325) |

Note 41 – Non-cash Financing and Investing Activities

During the year 1,839,098 (2000: 1,916,047) shares were issued under the Dividend Reinvestment Plan.

Note 42 – Finance Facilities

Australian Dollar Facilities

The consolidated entity has entered into an Australian dollar facility with a major Australian trading bank.

These facilities include access to the following lines of credit:

(a) Bank Overdraft

The parent entity has a \$2.0 million (2000: \$2.0 million) net overdraft facility, subject to annual review. At 30 June 2001, \$2.0 million (2000: \$2.0 million) of this facility was unutilised.

(b) Bank Bills

(i) The parent entity has a \$80.0 million (2000: \$80.0 million) bank bill facility which matures in July 2002 and is extendable annually for a further one year at the bank's option. At 30 June 2001, \$5.0 million (2000: \$11.0 million) of this facility was unutilised.

(ii) A controlled entity has a \$4.5 million (2000: \$4.5 million) bank bill facility which matures in January 2002 and is extendable annually for a further one year at the bank's option. At 30 June 2001, \$4.5 million (2000: \$3.5 million) of this facility was unutilised.

Canadian Dollar Facilities

(i) The consolidated entity has a C\$25.5 million (2000: C\$30.0 million) revolving loan facility which matures in July 2002 and is extendable annually for a further one year at the banks option. At 30 June 2001, C\$16.7 million (2000: C\$15.6 million) of this facility was unutilised.

(ii) The consolidated entity has a C\$9.5 million (2000: C\$10.0 million) term loan facility which matures in October 2005. At 30 June 2001, this facility was fully utilised (2000: fully utilised).

This term loan facility is repayable in 19 quarterly instalments of C\$250,000 with a final payment of the balance of principal and interest due on 1 October 2005.

Note 42 – Finance Facilities (continued)

United States Dollar Facilities

- (i) The consolidated entity has a US\$28.0 million (2000: US\$28.0 million) revolving loan facility which matures in July 2002 and is extendable annually for a further one year at the bank's option. At 30 June 2001 US\$10.0 million of this facility was unutilised (2000: US\$17.0 million unutilised).
- (ii) The consolidated entity has a US\$45.0 million (2000: US\$47.6 million) term loan facility which matures in October 2005. At 30 June 2001 this facility was fully utilised (2000: fully utilised).
- This term loan facility is repayable in 19 quarterly principal instalments of US\$1,297,150 with a final payment of the balance of principal and interest due on 1 October 2005.
- (iii) The consolidated entity has a US\$1.1 million loan facility subject to annual review. At 30 June 2001 US\$0.3 million of this facility was unutilised.

Great Britain Pound Facilities

- (i) The consolidated entity has a £3.0 million (2000: £6.0 million) revolving loan facility which matures in July 2002. At 30 June 2001, this facility was fully utilised (2000: fully utilised).
- (ii) The consolidated entity has a £6.9 million (2000: £7.0 million) term loan facility which matures in October 2005. As at 30 June 2001, this facility was fully utilised (2000: fully utilised).
- This term loan facility is repayable in 19 quarterly principal instalments of £312,750 with a final payment of the balance of principal and interest due on 1 October 2005.

| | CONSOLIDATED | |
|---|--------------|-------------|
| | 2001 | 2000 |
| Note 43 – Earnings Per Share | | |
| Before significant items (net of tax credit) | | |
| Basic earnings per share | 10.2c | 5.8c |
| Diluted earnings per share | 9.5c | 5.7c |
| After significant items | | |
| Basic earnings per share | 5.0c | 6.1c |
| Diluted earnings per share | 4.8c | 6.1c |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share. | 239,479,944 | 237,253,721 |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share. | 263,734,479 | 240,309,226 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 44 – Businesses and Controlled Entities Acquired

The following assets and liabilities were acquired by way of acquisition of the assets of stockfeed and rural products businesses.

| | FAIR VALUE OF ASSETS ACQUIRED | |
|--|----------------------------------|---------------|
| | 2001 \$000 | 2000 \$000 |
| Current Assets | | |
| Receivables | – | 15,602 |
| Inventories | – | 16,354 |
| Other | – | 169 |
| Non-Current Assets | | |
| Receivables | – | 6,303 |
| Property, plant and equipment | – | 32,327 |
| Current Liabilities | | |
| Accounts payable | – | (16,866) |
| Provisions | – | (6,517) |
| Other | – | (1,038) |
| Net assets acquired | – | 46,334 |
| Consideration | | |
| Cash | – | 61,076 |
| Excess of consideration above net assets acquired | – | 14,742 |
| Outflow of cash to acquire businesses and controlled entities net of cash acquired | – | 61,076 |

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Note 45 – Businesses and Controlled Entities Sold

The following assets and liabilities were sold by way of sale of the consolidated entity's birdseed operations.

| | BOOK VALUE OF ASSETS DISPOSED | |
|-------------------------------|----------------------------------|---------------|
| | 2001 \$000 | 2000 \$000 |
| Current Assets | | |
| Inventories | – | 1,097 |
| Non-Current Assets | | |
| Property, plant and equipment | – | 1,955 |
| Intangibles | – | 2,261 |
| Investments | – | 65 |
| Other | – | 284 |
| Current Liabilities | | |
| Provisions | – | (194) |
| Net assets sold | – | 5,468 |
| Consideration | | |
| Cash | – | 5,960 |
| Deferred consideration | – | 797 |
| | – | 6,757 |
| Profit on Sale | – | 1,289 |

Note 46 – Investment in Controlled Entities (continued)

| NAME OF ENTITY | COUNTRY OF INCORPORATION | CLASS OF SHARES | EQUITY OF PARENT ENTITY | |
|--|--------------------------|-----------------|-------------------------|------|
| | | | 2001 | 2000 |
| <i>Parent Entity</i> | | | | |
| Ridley Corporation Limited | Australia | | | |
| <i>Controlled Entities</i> | | | | |
| Ridley Inc. and its controlled entities | Canada | Ordinary | 70% | 68% |
| Ridley Manitoba Limited | Canada | Ordinary | 70% | 68% |
| Cotswold Canada Ltd | Canada | Ordinary | 70% | 68% |
| Wishbone Turkey Farm Ltd | Canada | Ordinary | 70% | 68% |
| Ridley Limited Partnership and its controlled entity | USA | Ordinary | 70% | 68% |
| Ridley Nova Scotia LLC and its controlled entity | Canada | Ordinary | 70% | 68% |
| HFI Finance LLC | USA | Ordinary | 70% | 68% |
| Cotswold Holdings ULC and its controlled entity | USA | Ordinary | 70% | 68% |
| Ridley UK Holdings Limited and its controlled entity | UK | Ordinary | 70% | 68% |
| Cotswold Pig Development Company Limited and its controlled entity | UK | Ordinary | 70% | 68% |
| Cotswold Pig Development GmbH | Germany | Ordinary | 70% | 68% |
| Ridley US Holding Inc. and its controlled entities | USA | Ordinary | 70% | 68% |
| Hubbard Feeds Inc. and its controlled entities | USA | Ordinary | 70% | 68% |
| PBH Transportation Company | USA | Ordinary | 70% | 68% |
| Ridley Block Operations Inc | USA | Ordinary | 70% | – |
| Ridley AgriProducts Pty Ltd and its controlled entities | Australia | Ordinary | 100% | 100% |
| AgriProducts 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% |
| Noske Flour Mills Pty Ltd | Australia | Ordinary | 100% | 100% |
| Ridley Australia Pty Ltd | Australia | Ordinary | 100% | 100% |
| Ridley AgriProducts (Aust.) Limited | Australia | Ordinary | 100% | 100% |
| Ridley Liquids JV Pty Limited | Australia | Ordinary | 100% | 100% |
| Ridley AgriProducts (NZ) Pty Ltd | New Zealand | Ordinary | 100% | 100% |
| Barastoc Stockfeeds Pty Ltd and its controlled entities | Australia | Ordinary | 100% | 100% |
| Fosforlic Feed Supplements Pty Ltd | 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% |
| | | Preference | 100% | 100% |
| Salt Australia Limited | Australia | Ordinary | 100% | 100% |
| Ocsalt Pty Ltd | Australia | Ordinary | 100% | 100% |
| Queensland Salt Pty Ltd | Australia | Ordinary | 100% | 100% |
| PT Cheetham Garam | Indonesia | Ordinary | 100% | 100% |
| Sea Lake Salt Pty Ltd | Australia | Ordinary | 100% | 100% |
| Diamond Salt Pty Limited | Australia | Ordinary | 100% | 100% |
| RCL Investments Pty Limited | Australia | Ordinary | 100% | 100% |
| RCL Retirement Pty Limited | Australia | Ordinary | 100% | 100% |
| Ridley Research & Development Corporation Pty Limited | Australia | Ordinary | 100% | 100% |
| RCL Nominees Limited | Australia | Ordinary | 100% | 100% |
| Feed-Rite Inc | Canada | Ordinary | 100% | 100% |
| Ridley Inc. | USA | Ordinary | 100% | 100% |
| Ridley M I Pty Limited | Australia | Ordinary | 100% | 100% |
| Ridley Argentina S.A. | Argentina | Ordinary | 100% | 100% |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 47 – Investments in Associates

Consolidated

| NAME OF COMPANY | PRINCIPAL ACTIVITY | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST | | CARRYING AMOUNT | |
|--|--------------------------------|--------------------------|--------------------|------|-----------------|---------------|
| | | | 2001 | 2000 | 2001 \$000 | 2000 \$000 |
| Salpak Pty Ltd | Salt Marketing | Australia | 49% | 49% | 15,557 | 16,054 |
| Western Salt Refinery Pty Ltd | Salt Production & Distribution | Australia | 50% | 50% | 1,470 | 1,530 |
| Dominion Salt Limited and Dominion Salt (N.I.) Limited | Salt Production & Distribution | New Zealand | 50% | 50% | 27,745 | 27,982 |
| Cerebos-Skellerup Limited | Salt Marketing | New Zealand | 49% | 49% | 2,684 | 2,741 |
| Total | | | | | 47,456 | 48,307 |

The above comprise interests in the ordinary share capital of the associates. The balance date of Salpak Pty Ltd and Cerebos-Skellerup Limited is 30 September, and 30 June for Western Salt Refinery Pty Ltd, Dominion Salt Limited and Dominion Salt (N.I.) Limited.

Movements in carrying amounts of Investments in Associates

| | 2001 \$000 | 2000 \$000 |
|--|---------------|---------------|
| Carrying amount at the beginning of the financial year | 48,307 | 49,248 |
| Share of operating profits after income tax | 3,499 | 3,064 |
| Dividends received/receivable | (4,350) | (3,940) |
| Investment in associate sold | – | (65) |
| Carrying amount at the end of the financial year | 47,456 | 48,307 |
| Operating profits before income tax | 5,735 | 5,158 |
| Income tax expense | 2,236 | 2,094 |
| Operating profits after income tax | 3,499 | 3,064 |
| Less: dividends received/receivable | 4,350 | 3,940 |
| | (851) | (876) |
| Accumulated losses attributable to associates at the beginning of the financial year | (5,807) | (4,866) |
| Retained earnings in associate sold | – | (65) |
| Accumulated losses attributable to associates at the end of the financial year | (6,658) | (5,807) |
| Summary of the performance and financial position of the associates is as follows: | | |
| Consolidated entity's share: | | |
| Assets | 45,321 | 46,025 |
| Liabilities | 4,494 | 4,798 |
| Contingent Liabilities | 68 | 215 |
| Operating Lease Commitments | 56 | 68 |

There are no material reserves of the associated companies.

Note 48 – Interests in Joint Ventures

Joint venture operation

A controlled entity has a 50% participating interest in a joint venture operation called 'Champion Liquid Feeds Joint Venture'. This joint venture produces and markets specialised stockfeed. The controlled entity is entitled to 50% of the output of 'Champion Liquid Feeds Joint Venture'. The controlled entity's interests in the assets employed in this joint venture are included in the consolidated Statements of Financial Position, in accordance with the accounting policy described in Note 1, under the following classifications:

| | CONSOLIDATED | | PARENT ENTITY | |
|---|---------------|---------------|---------------|---------------|
| | 2001 \$000 | 2000 \$000 | 2001 \$000 | 2000 \$000 |
| Current Assets | | | | |
| Receivables | 570 | 438 | - | - |
| Inventories | 12 | 7 | - | - |
| Total Current Assets | 582 | 445 | - | - |
| Non-Current Assets | | | | |
| Plant and equipment – at cost | 95 | 95 | - | - |
| Less: Accumulated depreciation | 28 | 8 | - | - |
| Total non-current Assets | 67 | 87 | - | - |
| Share of assets employed in joint venture | 649 | 532 | - | - |

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Note 49 – Post Balance Date Events

No matters or circumstances have arisen since 30 June 2001 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

The directors declare that the financial statements and notes set out on pages 28 to 71:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (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.

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

J S Keniry
Director

R J Lotze
Director

Sydney
27 August 2001

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RIDLEY CORPORATION LIMITED

Scope

We have audited the financial report of Ridley Corporation Limited (the Company) for the financial year ended 30 June 2001 as set out on pages 28 to 72. The Company's directors are responsible for the financial report, which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

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PricewaterhouseCoopers

Chartered Accountants

R L Gavin
Partner

Sydney
27 August 2001

SHAREHOLDER INFORMATION

as at 28 August 2001

Holdings of Securities – Ordinary Shares of 50c

| | NO. OF HOLDERS | NO. OF SECURITIES | % HELD BY 20 LARGEST HOLDERS |
|-----------------|-------------------|----------------------|------------------------------------|
| Each fully paid | 13,732 | 240,097,968 | 31.89 |

Distribution of Holdings – Ordinary Shares

| NUMBER HELD | NO. OF ORDINARY SHAREHOLDERS | NO. OF ORDINARY SHARES |
|-------------------|------------------------------------|------------------------------|
| 1 to 1,000* | 1,111 | 646,048 |
| 1,001 to 5,000 | 5,961 | 18,673,267 |
| 5,001 to 10,000 | 3,265 | 25,603,969 |
| 10,001 to 100,000 | 3,241 | 78,877,405 |
| 100,001 and over | 154 | 116,297,279 |

*There are 630 holders of less than a marketable parcel of shares

Holdings of Securities – Convertible Notes

| | NO. OF HOLDERS | NO. OF SECURITIES | % HELD BY 20 LARGEST HOLDERS |
|-----------------|-------------------|----------------------|------------------------------------|
| Each fully paid | 4,586 | 27,881,929 | 54.42 |

Distribution of Holdings – Convertible Notes

| NUMBER HELD | NO. OF ORDINARY SHAREHOLDERS | NO. OF ORDINARY SHARES |
|-------------------|------------------------------------|------------------------------|
| 1 to 1,000* | 2,924 | 1,459,921 |
| 1,001 to 5,000 | 1,094 | 2,824,755 |
| 5,001 to 10,000 | 283 | 2,257,621 |
| 10,001 to 100,000 | 264 | 6,065,253 |
| 100,001 and over | 21 | 15,274,379 |

*There are 260 holders of less than a marketable parcel of notes

Twenty Largest Fully Paid Shareholders

| NAME OF SHAREHOLDER | NO. OF FULLY PAID ORDINARY SHARES | % OF FULLY PAID ORDINARY SHARES |
|---------------------------------------|--|--|
| Chase Manhattan Nominees Limited | 22,750,378 | 9.48 |
| National Nominees Limited | 16,988,440 | 7.08 |
| JP Morgan Custodial Services | 5,889,816 | 2.45 |
| Westpac Custodian Services | 4,512,781 | 1.88 |
| Commonwealth Custodial Services No. 4 | 2,964,961 | 1.23 |
| Argo Investments Limited | 2,469,884 | 1.03 |
| Tyndall Life Insurance Company Ltd | 2,083,004 | 0.87 |
| Commonwealth Custodial Services LGSS | 1,946,770 | 0.81 |
| Alistair Peter Wright | 1,890,000 | 0.79 |
| Perpetual Nominees Limited | 1,832,222 | 0.76 |
| Guardian Trust Australia Ltd | 1,805,540 | 0.75 |
| Citicorp Nominees Pty Ltd CFS A/C | 1,486,290 | 0.62 |
| Commonwealth Custodial Services No. 2 | 1,459,760 | 0.61 |
| Guardian Trust Australia Limited | 1,320,518 | 0.55 |
| Mr Charles Poon | 1,306,460 | 0.54 |
| Mr Peter Janson | 1,300,000 | 0.54 |
| Citicorp Nominees Limited | 1,251,380 | 0.52 |
| Mr Tex Partridge | 1,104,822 | 0.46 |
| Commonwealth Custodial Services EISS | 1,101,390 | 0.46 |
| Commonwealth Custodial Services No.11 | 1,100,000 | 0.46 |
| | 76,564,416 | 31.89 |

Twenty Largest Fully Paid Noteholders

| NAME OF NOTEHOLDER | NO. OF NOTES | % OF NOTES |
|--|-----------------|---------------|
| Australian Foundation Investments Ltd. | 4,321,558 | 15.50 |
| Westpac Custodian Services Ltd | 2,448,638 | 8.78 |
| Djerriwarrh Investments Limited | 1,846,479 | 6.62 |
| Perpetual Nominees Limited No. 2 | 1,354,038 | 4.86 |
| Challenger Life No. 2 Limited | 992,429 | 3.56 |
| Perpetual Nominees Ltd IMDFE A/C | 646,344 | 2.32 |
| Mr Gerald Harvey | 563,604 | 2.02 |
| National Nominees Limited | 490,421 | 1.76 |
| Catholic Church Insurances Limited | 380,000 | 1.36 |
| Perpetual Nominees Ltd PPTINC A/C | 367,770 | 1.32 |
| Invia Custodian Pty Ltd | 280,621 | 1.01 |
| Permanent Trustee Australia Limited | 249,216 | 0.89 |
| Valebark Pty Ltd | 220,000 | 0.79 |
| Perpetual Trustee Company Ltd | 201,581 | 0.72 |
| Marist Missions of the Pacific | 160,000 | 0.57 |
| Teasdale Nominees Pty Ltd | 150,000 | 0.54 |
| Perpetual Nominees Ltd PPTCON A/C | 141,371 | 0.51 |
| Commonwealth Custodial Services No. 11 | 128,810 | 0.46 |
| Collier Custodian Corporation | 125,000 | 0.45 |
| Commonwealth Custodial Services No.100 | 104,166 | 0.37 |
| | 15,172,046 | 54.42 |

Holdings of Securities – Options (65c payable April 2002)

| NO. OF HOLDERS | NO. OF SECURITIES | % HELD BY 20 LARGEST HOLDERS |
|----------------|-------------------|------------------------------|
| 10,902 | 23,729,441 | 34.36 |

Distribution of Holdings – Options

| NUMBER HELD | NO. OF OPTIONS | NO. OF OPTION HOLDERS |
|-------------------|----------------|-----------------------|
| 1 to 1,000 | 8,232 | 3,554,854 |
| 1,001 to 5,000 | 2,288 | 4,531,596 |
| 5,001 to 10,000 | 182 | 1,354,072 |
| 10,001 to 100,000 | 174 | 5,492,564 |
| 100,001 and over | 26 | 8,796,355 |

Twenty Largest Option Holders

| NAME OF OPTION HOLDERS | NO. OF OPTIONS | % OF OPTIONS |
|---|----------------|--------------|
| Chase Manhattan Nominees Limited | 2,312,827 | 9.75 |
| National Nominees Limited | 1,624,112 | 6.84 |
| Guardian Trust Australia Limited | 506,803 | 2.14 |
| Mr Hugh Theodore Sands | 500,002 | 2.11 |
| Australian Foundation Investment Co | 432,155 | 1.82 |
| First Exar Pty Ltd | 300,000 | 1.26 |
| Strategic Value | 275,000 | 1.16 |
| Hornet Computer Systems Pty Limited | 250,000 | 1.05 |
| Argo Investments Limited | 246,988 | 1.04 |
| Barry Sheedy & Associates P/L Super AVC | 229,809 | 0.97 |
| Keith William Davenport | 187,386 | 0.79 |
| Westpac Custodian Nominees | 185,636 | 0.78 |
| Barry Sheedy & Associated P/L Family | 164,650 | 0.69 |
| Poirot Pty Ltd | 150,000 | 0.63 |
| Lakelands Investments Pty Ltd | 147,999 | 0.62 |
| Alistair Peter Wright | 142,000 | 0.62 |
| W W E Investments Pty Ltd | 133,059 | 0.56 |
| Citicorp Nominees Pty Limited | 129,716 | 0.55 |
| Mr Peter Fabian Hellings | 120,000 | 0.51 |
| RCL Investments Pty Ltd | 114,613 | 0.48 |
| | 8,152,755 | 34.36 |

Substantial Shareholders

The following shareholders are registered by the Company as substantial shareholder, having declared a relevant interest in accordance with the Corporations Act 2001 in the percentage of voting shares show below:

| | |
|------------------------------|-------|
| Deutsche Bank Ltd | 8.44% |
| County Investment Management | 5.13% |

Directors' Holdings

On 27 August 2001 the directors of Ridley Corporation Limited had interest in the following shares and employee options of the Company.

| | FULLY PAID ORDINARY SHARES | UN-SECURED CONVERT. NOTES | RIDLEY OPTIONS | RIDLEY INC. SHARES | RIDLEY INC. OPTIONS |
|------------------|----------------------------|---------------------------|----------------|--------------------|---------------------|
| J S Keniry | 552,611 | 918 | 154,795 | 800 | 42,000 |
| M J Edgar | 438,098 | - | 76,091 | - | - |
| R J Lotze | 80,332 | - | 4,033 | - | - |
| D G McGauchie | 170,000 | - | - | - | - |
| M Bickford-Smith | 50,000 | 14,000 | 500,000 | - | - |

Voting Rights

As at 27 August 2001 the number of holders of fully paid ordinary shares with full voting rights was 13,732. On a show of hands, every person present who is a member of 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. Convertible note and option holders have no voting rights at the AGM.

Australian Stock Exchange

The **ordinary shares** of the company are listed on the Australian Stock Exchange and trade under **RIC**.

The **convertible notes** of the company are listed on the Australian Stock Exchange and trade under **RICGA**.

The **options** of the company are listed on the Australian Stock Exchange and trade under **RICO**.

On-market buy-back

At the date of this report there is currently an on-market buy-back of convertible notes being undertaken.

Share Registry

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Telephone: (02) 8234 5000
Facsimile: (02) 8234 5050

CORPORATE DIRECTORY

RIDLEY CORPORATION LIMITED

ACN 006 708 765

Corporate Office & Registered Office

Level 10, 12 Castlereagh Street
Sydney NSW 2000 Australia

Telephone 02 8227 6100

Facsimile 02 8227 6002

Email: secretary@ridley.com.au

Chairman

J S Keniry

Managing Director & CEO

M Bickford-Smith

Chief Financial Officer

I Wilton

Company Secretary

C J Priestley

Auditors

PricewaterhouseCoopers

Solicitors

Allens Arthur Robinson

Share Registry

Computershare Investor Services Pty Ltd

Level 3

60 Carrington Street

Sydney NSW 2001

Telephone (02) 8234 5000

Facsimile (02) 8234 5050

W J Poynton

Managing Director & CEO of Ridley's

Australasian Operations

Lowe Street

Corio VIC 3214 Australia

Telephone 03 5275 8000

Facsimile 03 5274 1213

RIDLEY AUSTRALASIAN OPERATIONS HEAD OFFICE

Cheetham Salt

Ridley Agriproducts

RIDLEY INC.

Ridley Inc. Registered Office

Suite 200, 5 Donald Street

Winnipeg Manitoba

Canada R3L2T4

Telephone 1 (204) 956 1717

Facsimile 1 (204) 956 1982

RIDLEY INC. OPERATIONS

R Gallaway

President & CEO

424 N. Riverfront Drive

Mankato MN 56002-8500 USA

Telephone 1(507) 388 9400

Facsimile 1(507) 388 9453

COMPANY DIARY

Annual General Meeting

The Annual General Meeting of Ridley Corporation Limited will be held at 10 am on Monday, 29 October 2001 in the:

James Cook Ballroom
Intercontinental Hotel
117 Macquarie Street
Sydney NSW 2000

A formal notice of meeting and proxy form is enclosed with this report.

2001 Financial Calendar

09 October 2001

Books Close for Final Dividend

29 October 2001

Annual General Meeting

30 October 2001

Final Dividend Paid

30 November 2001

Convertible notes interest payment

Proposed Timetable 2002

February

Interim result and dividend announcement

March

Books close for interim dividend

April

Interim dividend mailed
Option conversion period

May

Convertible note interest payment (31 May)

August

Preliminary profit and final dividend announcement

October

Books close for final dividend
Annual General Meeting
Final dividend mailed

November

Convertible notes interest payment (30 November)

December

Convertible note redemption date (15 December)

COMPANY PERFORMANCE 5 YEAR SUMMARY

| | 2001 \$000 | 2000 \$000 | 1999 \$000 | 1998 \$000 | 1997 \$000 |
|---|---------------|---------------|---------------|---------------|---------------|
| Sales Revenue | 1,378,790 | 986,534 | 905,171 | 929,202 | 640,951 |
| Other Revenue | 17,491 | 34,203 | 13,991 | 10,363 | 10,743 |
| Earnings Before Interest & Tax | 69,627 | 43,414 | 46,822 | 54,174 | 37,124 |
| Net Interest Expense/Finance Charge | 21,797 | 17,375 | 13,083 | 10,962 | 7,419 |
| Operating Profit Before Tax | 47,830 | 26,039 | 33,739 | 43,212 | 29,705 |
| Tax Expense | 17,831 | 11,206 | 13,096 | 16,008 | 9,684 |
| Net Profit Before Significant Items | 29,999 | 14,833 | 20,643 | 27,204 | 20,021 |
| Outside Equity Interests | 5,501 | 1,119 | 3,649 | 5,283 | 17 |
| Net Profit Before Significant Items (after OEI) | 24,498 | 13,714 | 16,994 | 21,921 | 20,004 |
| Significant Items (Net of tax and OEI) | (12,406) | 794 | (24,199) | (6,602) | - |
| Operating Profit/(Loss) After Tax & Significant Items | 12,092 | 14,508 | (7,205) | 15,319 | 20,004 |
| Shareholders' Funds | 279,454 | 260,869 | 195,706 | 230,131 | 192,777 |
| Outside Equity Interests | 46,967 | 41,951 | 41,288 | 49,155 | - |
| Total Assets | 829,415 | 797,698 | 618,309 | 616,787 | 548,972 |
| Total Liabilities | 502,994 | 494,888 | 381,315 | 337,501 | 356,195 |
| Funds Employed | 599,640 | 573,278 | 450,876 | 432,921 | 381,404 |
| Dividend Per Share (cents) | 4.0 | 4.0 | 7.5 | 7.5 | 7.5 |
| Gross Cash Flow Per Share (cents) | 22.5 | 14.3 | 16.5 | 18.3 | 13.9 |
| Net Tangible Asset Backing Per Share (cents) | 93.3 | 83.9 | 61.3 | 67.4 | 47.6 |
| Earnings Per Share Before Significant Items (cents) | 10.2 | 5.8 | 7.2 | 9.4 | 9.0 |
| Number of Ordinary Shareholders | 13,732 | 15,345 | 13,745 | 11,267 | 10,499 |
| Number of Convertible Noteholders | 4,586 | 4,940 | 5,363 | 5,534 | - |
| Employees | 2,214 | 2,348 | 2,198 | 1,905 | 1,787 |

