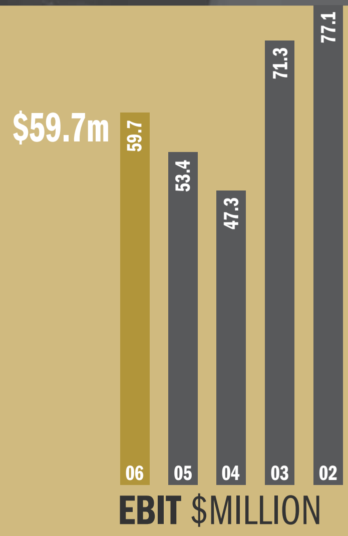
RIDLEY CORPORATION ANNUAL REPORT 2006

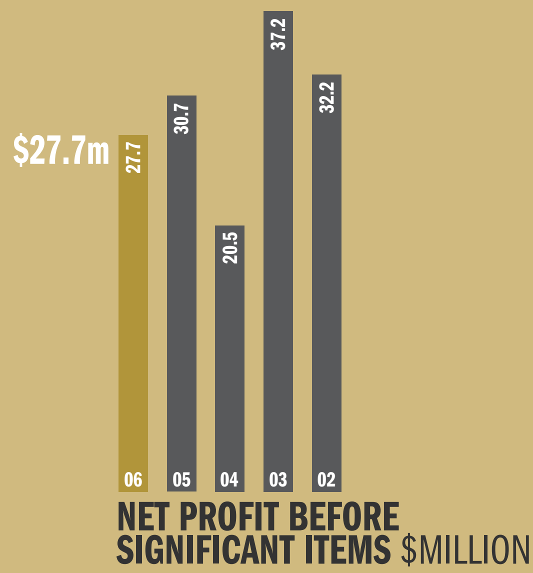
RIDLEY

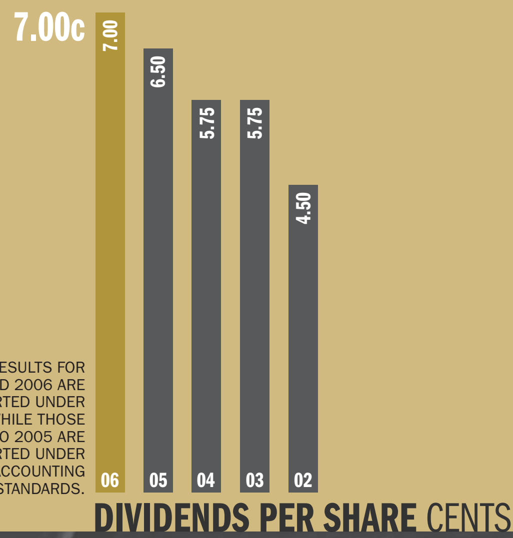
CONTENTS

RIDLEY CORPORATION LIMITED
ABN 33 006 708 765

2006 PERFORMANCE







THE RESULTS FOR 2005 AND 2006 ARE REPORTED UNDER AIFRS, WHILE THOSE PRIOR TO 2005 ARE REPORTED UNDER PREVIOUS ACCOUNTING STANDARDS.

RIDLEY CORPORATION MANUFACTURES AND MARKETS SALT, STOCKFEED AND ANIMAL FEED SUPPLEMENTS

THE THREE OPERATING DIVISIONS ARE:

RIDLEY AGRIPRODUCTS – the largest manufacturer and marketer of stockfeed in Australia, producing high performance animal nutrition products for the beef, dairy, pig, poultry, horse, sheep, pet food and aquaculture industries.

CHEETHAM SALT – Australia's largest producer and refiner of salt. It supplies a range of food, industrial and agricultural markets throughout Australia, Asia and the Pacific.

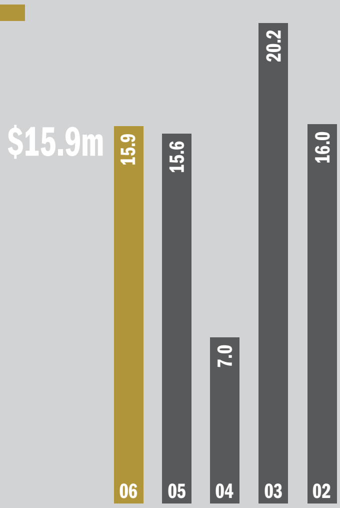
RIDLEY INC – one of North America's leading commercial animal nutrition companies. It manufactures and distributes a full range of animal nutrition products under a number of highly regarded trade names.

2006 FEATURES

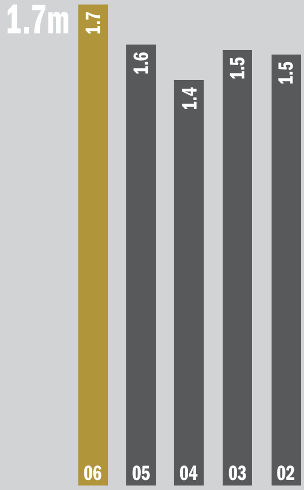
- Operating earnings before interest, tax and Canadian legal claim costs up 15%
- Strong recovery in Canada
- Continuing improvement in Australian Feeds
- Dry Creek acquisition performing well
- Ongoing Canadian legal claim costs
- Borrowing costs and tax expense higher
- Full year dividend up 8% to seven cents per share

5 YEAR SUMMARY

RIDLEY AGRIPRODUCTS



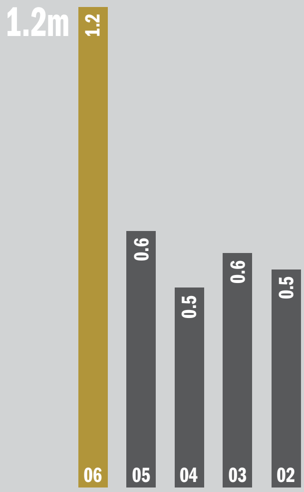
EBIT $MILLION



VOLUME MILLION TONNES

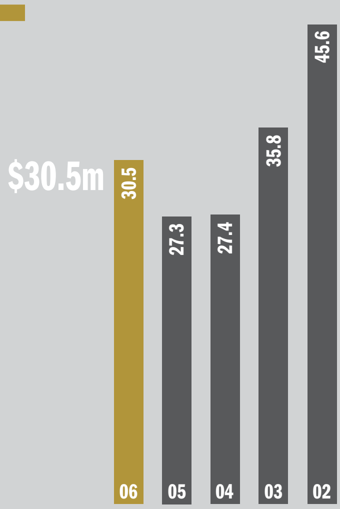
CHEETHAM SALT

EBIT $MILLION

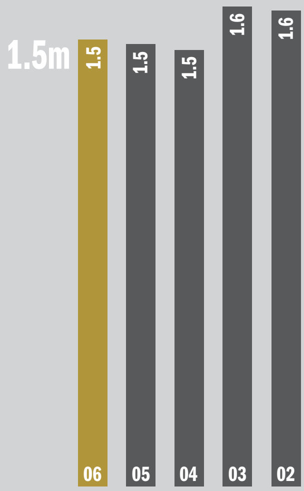


VOLUME MILLION TONNES

RIDLEY INC



EBIT $MILLION



VOLUME MILLION TONNES

THE RESULTS FOR 2005 AND 2006 ARE REPORTED UNDER AIFRS, WHILE THOSE PRIOR TO 2005 ARE REPORTED UNDER PREVIOUS ACCOUNTING STANDARDS.

$'000	2006	2005	2004	2003	2002
OPERATING RESULTS					
Sales revenue	1,258,675	1,153,872	1,179,348	1,410,888	1,408,284
Other revenue	5,074	4,770	8,714	7,605	14,755
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	81,493	72,922	70,776	98,764	105,947
Earnings before interest and tax (EBIT)*	59,683	53,361	47,278	71,344	77,062
Net borrowing costs	13,867	9,876	10,720	13,046	17,747
Operating profit before tax*	45,816	43,485	36,558	58,298	59,315
Tax expense*	12,087	7,776	11,828	14,616	20,720
Net profit before significant items	33,729	35,709	24,730	43,682	38,595
Minority interest (MI)	6,040	5,012	4,240	6,449	6,400
Net profit before significant items after MI	27,689	30,697	20,490	37,233	32,195
Significant items – net of tax and MI	–	9,272	(2,790)	(5,935)	–
Net profit after tax and significant items	27,689	39,969	17,700	31,298	32,195
FINANCIAL POSITION					
Ridley shareholders' funds	338,197	305,461	319,049	317,644	302,931
Minority interest	55,873	45,968	49,573	47,574	48,770
Total assets	776,909	715,992	657,490	702,775	766,271
Total liabilities	382,839	364,563	288,868	337,557	414,570
Funds employed	573,542	514,868	467,096	491,510	531,828
KEY RATIOS					
Net debt/EBITDA (times)	2.1	2.3	1.7	1.5	1.8
EBITDA/net interest (times)	6.3	8.0	6.6	7.6	6.0
Net debt/shareholders' equity	43.5%	46.7%	33.4%	41.2%	54.9%
Return on shareholders' funds*	8.6%	10.5%	6.4%	12.0%	11.1%
OTHER INFORMATION					
Dividends per share (cents)	7.00	6.50	5.75	5.75	4.50
EBITDA per share* (cents)	29.4	26.9	26.4	37.1	43.2
Net tangible asset backing per share (cents)	100.9	93.5	104.4	103.7	96.3
Earnings per share* (cents)	10.0	11.3	7.7	14.0	13.1
Number of ordinary shareholders	8,610	9,572	11,075	11,859	13,420
Employees	2,115	2,142	2,064	2,109	2,299

* Before significant items

CHAIRMAN'S REVIEW

OUR RESULTS WERE IN LINE WITH OUR EXPECTATIONS AND ONCE AGAIN, WERE ACHIEVED AGAINST A BACKGROUND IN THE FEED INDUSTRY OF UNCERTAINTIES ASSOCIATED WITH BIRD FLU, BSE AND COST INFLATION.

In Ridley Inc, we saw a strong recovery in the Canadian Feed Operations. In Australia, our Ridley AgriProducts business continued to improve and our Cheetham Salt business benefited from the good performance of the Dry Creek salt field acquired in May 2005. While operating earnings for each of the three divisions improved on last year, the after tax result was impacted by legal costs associated with the Canadian legal claims, increased borrowing costs and increased tax expense.

Directors have declared an increased final dividend of 3.50 cents, which is 50% franked. This compares to a final dividend of 3.25 cents per share last year, which was also 50% franked. The full year dividend of 7.00 cents per share is up 8% compared to last year's 6.50 cents per share.

A highlight of the year was the progress made in our safety initiatives across the Company. In both Australia and North America we have been working with DuPont, a multinational company that is recognised as a leading authority in implementing disciplined operating systems, particularly in the area of behavioural safety management. The aim of these initiatives is to heighten employees' awareness of the importance of working safely and modify behaviour to produce continuous improvement in safety metrics.

I am pleased to report that the involvement of Ridley Corporation in the law suits in Canada is at an end, although the Government of Canada and our 69% owned subsidiary, Ridley Inc, are still defendants to the actions commenced in April 2005. The Managing Director comments more fully on the Canadian law suits in his review.

Shareholders can rest assured that the Board will continue to work closely with managment in the coming year to strike a careful balance between ensuring that Ridley Inc is not distracted by the continuing action against it and that the Board are kept fully informed of developments and costs.

In August 2006 the Board appointed director Rick Lee to the role of deputy chairman. Rick's wise counsel and deep experience in the finance and agricultural industry garnered from 16 years in CSR's sugar division and his role as former chief executive of NM Rothschild Australia Group, is much appreciated by his fellow directors. We look forward to the direction he will bring in this new role.

We noted with disappointment the collapse of the WTO's Doha talks and subsequent suspension of negotiations in late July when the EU, US and G20 failed to agree on cutting farm subsidies and industrial tariffs. At the time of writing, trade ministers are planning to meet in Cairns in September in a final attempt to revive the talks.

Overall, Australia has made little progress in terms of the WTO, especially as regards agriculture. However, we've watched with more than passing interest the range of initiatives on alternative fuels globally and the major government encouragement given to biofuel production in North America and Europe which will, at a minimum, flow through as an indirect subsidy to agriculture. The biofuels industry internationally will impact demand and prices for grain and oil seed crops, and these effects will flow through to the intensive livestock sectors. We are following these developments with interest.

In a year that has not been without its difficulties, I extend the thanks of all Board members to Matthew Bickford-Smith, his executive team and Ridley staff for their contribution and look forward to being able to put the current challenges behind us, so we can focus on growing what has long been a fundamentally excellent company.

JOHN S KENIRY
CHAIRMAN

MANAGING DIRECTOR'S REVIEW

DESPITE SOME LACK OF EARNINGS VISIBILITY IN THE FIRST FEW MONTHS OF THE YEAR DUE TO SEVERE WEATHER CONDITIONS, RIDLEY'S BOTTOM LINE RESULT WAS IN LINE WITH THE GUIDANCE GIVEN TO THE MARKET OVER THE COURSE OF THE YEAR.

While the result was at the lower end of guidance given at last year's AGM, it was achieved despite our businesses having to deal with a number of challenges. These included somewhat abnormal seasons, particularly in Australia and the southern parts of the US, and ongoing energy cost increases combined with higher labour costs in some parts of Australia and Canada. A significant proportion of these costs were not unexpected and a focus on cost containment has meant they have been carefully managed and, in the main, absorbed.

Before providing further detail of 2006, I would like to congratulate all the divisions for the considerable gains achieved in safety performance. Our feed businesses in Australia and North America, have to contend with the challenges of multiple sites, an ageing workforce and a significant amount of manual handling. During the year all divisions recorded significant improvements in their safety metrics. Further details are provided in the sustainability report on page 20.

The involvement of Ridley Corporation Limited in the Canadian law suits was brought to an end earlier this year when the actions against it were struck out, or discontinued by agreement in all provinces. Although Ridley Corporation agreed not to claim costs, it did not pay any moneys to the class representatives, their lawyers, or any other third party.

The Government of Canada and Ridley Inc, a 69% owned subsidiary of Ridley Corporation Limited, remain as defendants. The law suits were commenced in four Canadian provinces in April 2005, and seek to certify a class action to include all Canadian cattle farmers who allegedly suffered damage when international bans on the importation of Canadian beef and cattle were introduced after a cow was diagnosed with BSE in Alberta in May 2003.

Although there is now no action against Ridley Corporation Limited, our 69% subsidiary Ridley Inc is still a defendant, and in the spirit of our consistent policy to make deliberate and clear disclosure to shareholders about the Canadian law suits, let me summarise where the actions against Ridley Inc stand.

The actions against Ridley Inc are most active in Ontario and Quebec, but these are still only at a preliminary stage. There will only be a hearing of the merits of the claims after the actions have been certified or authorised as appropriate to proceed to trial as class actions. The plaintiffs must overcome significant legal and factual hurdles to succeed in their claims, which are not readily recognised under Canadian law. The actions filed in the other two Canadian provinces of Saskatchewan and Alberta are in abeyance.

Later this year, the Ontario Court of Appeal is expected to hear Ridley Inc's appeal against a decision that refused to strike out the actions against it, together with appeals by the Government of Canada and the plaintiffs against other aspects of the same decision; and in Quebec, the Superior Court of Quebec will consider if the actions should be authorised to proceed as a class action.

MANAGING DIRECTOR'S REVIEW

To ensure that Ridley Inc is not distracted from its day-to-day business and delivers results to shareholders, the law suits are carefully managed by segregated senior staff. This year, the legal costs were below our estimate, and will continue to be controlled by disciplined planning and rigorous monitoring.

I would like to congratulate all the divisions for the considerable gains achieved in safety performance. During the year all divisions recorded significant improvements in their safety metrics.

Management changes during the year included the appointment of John Murray, who joined Cheetham Salt as Chief Executive Officer in December 2005. John has an extensive background of senior management experience in the food, industrial and agribusiness sectors. He was previously Group General Manager, International Operations with Elders and prior to that Managing Director of the South Australian-based grain business AusBulk. We have ambitious plans for Cheetham and we look forward to working with John over the coming years.

While we have never used climatic conditions as an excuse for poor performance, this year our results were held back by factors outside our control, some climatic and some due to the three hurricanes that devastated parts of the southern US, earlier this year. In Australia, parts of our operations, particularly our Queensland operations, faced labour-related challenges in the course of the year. The Australian commodity boom has drawn people and resources toward the mining sector, creating an intensely competitive labour market, generating significant employee turnover and, consequently, skills shortages and wage inflation, specifically in Queensland and Western Australia.

As a result, management has been focused on cost control to counter some of the inflationary pressures, and on expanding market share to position the Company well for the future. In Ridley AgriProducts the acquisitions we made this year, totalling $7million were part of our strategy to selectively expand our presence in the supplementary feed market.

These acquisitions followed on from the decision to substantially upgrade the Ridley Agriproducts feed supplements plant at Wacol, just outside Brisbane, and were combined with a reinvigorated approach to the marketing and branding of our products.

During the year we assessed a number of quite significant projects in Australia and largely as a result of higher valuations placed on these businesses, typically by private equity, we have in most cases decided to step back from the process.

In Cheetham Salt we are part way through a significant supply chain initiative designed to reduce warehousing and distribution costs. The way we go to market in the swimming pool sector has been overhauled with a fresh approach to our marketing strategy and important decisions will soon be made as to how we are going to approach marketing salt into South East Asia for the long term.

In North America opportunities on both sides of the US/Canadian border exist for further rationalisation of the feed industry. This should come as no surprise. The last two years have seen the feed industry having to grapple with various disease outbreaks, the closure of the border, and the resultant distortion to the North American intensive livestock industry.

The increase in the price of oil and its impact on the renewable fuels sector, presents Ridley with opportunities as well as some threats. It is an opportunity to the extent that the by-products produced by the biofuels industry can potentially be used in some parts of our business. At the same time, both Ridley and our customers are significant users of these raw materials, such as soy beans for biodiesel, and corn and molasses for ethanol.

For most of the year, the majority of our customers have enjoyed reasonably favourable production economics, relatively cheap key input ingredients and prices at a premium to prior years for the markets they sell their products into.

For most of the year, the majority of our customers have enjoyed reasonably favourable production economics, relatively cheap key input ingredients and prices at a premium to prior years for the markets they sell their products into.

The majority of the key species markets of importance to Ridley AgriProducts have enjoyed what in historical terms would be considered reasonably stable terms of trade. However, there are indications that international dairy markets are easing slightly with the milk/feed price ratio reducing somewhat. The dairy sector has continued to recover from the 2003 drought although milk production has still not reached 2003/04 levels. The Australian pig herd is likely to continue to, at best, remain static. Broiler sales are expected to continue growing at approximately 3%, per annum while the layer sector has struggled with an oversupply of eggs. For the beef industry, the timing and implications for Australia of North America's re-entry to the North Asia market is unclear.

In North America, production economics in the cattle, hog and poultry industries have been favourable throughout the year despite grain prices and other inputs trading above long term trends.

Ridley is expecting another positive year. This will be delivered by: a continued and relentless drive towards best practice management of safety; growing market share in specialised, high margin sectors; a continued prudent allocation of capital; and the avoidance of all waste.

To conclude, I would like to thank everyone at Ridley for their efforts during the year and look forward to your continued support and enthusiasm in the coming year.

MATTHEW P BICKFORD-SMITH
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

UPGRADING THE FEED SUPPLEMENTS PLANT AT WACOL JUST OUTSIDE BRISBANE IS PART OF RIDLEY AGRIPRODUCTS' STRATEGIC FOCUS TO EXPAND ITS PRESENCE IN THE FEED SUPPLEMENTS MARKET.

IN OUR CANADIAN FEED BUSINESS, THE REOPENING OF THE US/CANADA BORDER TO SOME LIVE CATTLE SHIPMENTS, COMBINED WITH AGGRESSIVE SALES AND MARKETING, PRODUCED AN INCREASE IN SALES VOLUMES.

SUMMARY OF OPERATIONS

PERFORMANCE SUMMARY

RIDLEY AGRIPRODUCTS

- Operating EBIT increased to $15.9 million, up 9%
- Sales up 11%
- Volumes up 9%
- Gross margin per tonne up 6%
- CCD Animal Health and Nutrition earnings up 20%

CHEETHAM SALT

- Earnings increased by 22% to $23.1 million
- Dry Creek contributed $5.8 million to earnings improvement
- Sales up 21%
- Volume excluding Dry Creek up 1%

RIDLEY INC

- US Feed Operations
  - EBIT up 13%
  - Sales up 4%
  - Volumes down 1%
  - Gross margin per tonne up 4%
- Canadian Feed Operations
  - EBIT up 115%
  - Sales up 10%
  - Volumes up 5%
  - Gross margin per tonne up 3%
- Ridley Nutrition Solutions
  - EBIT down 13%
  - Sales up 11%
  - Volumes up 9%

FEATURES	PROGRESS AGAINST PRIORITIES	KEY OBJECTIVES THIS YEAR
• Growth in dairy and poultry volumes • Bolt-on acquisitions $7 million • Specific focus on supplements business • Increasing direct farm purchasing • Increased capacity utilisation in southern Australia • Increased labour and energy related costs • CCD Animal Health and Nutrition improved due to agency arrangements and increased sales volumes	• Significant improvement in safety performance – LTIFR down 17% – MTIFR down 37% – Duration rate down 42% • Brand rationalisation substantially in place • Wacol production upgrade scheduled for completion early 2007 • Enhanced biosecurity measures in place, in particular for avian influenza • Streamlined additive purchasing • Wider range of raw materials used	• Achieve a 24% reduction in LTIFR • Progress on ERP systems upgrade • Review asset configuration • Complete brand rationalisation • Construct liquid feeds facility in Queensland • Complete upgrade of Wacol supplements facility
• Dry Creek, acquired in May 2005, performing in line with expectations • Labour and energy related cost increases • Cost recovery/margins improving in second half • New CEO appointed December 2005 • Lower volumes to Queensland agriculture sector	• LTIFR down from 6.0 to 1.8 • National Customer Service Centre established • Japanese business moved to profitability with improved market penetration in retail sector • Dry Creek acquisition successfully integrated • Major sites achieved ISO 14001 accreditation	• Maintain LTIFR target at <5.0 • Complete warehouse construction at Price and Bajool • Further organically grow Japanese and Indonesian businesses • Implement strategies to increase salt production capacity in line with market demand
• US Feed Operations – Stable customer environment – Improved margins – Cost reduction program benefits • Canadian Feed Operations – Improved margins and volumes – Cost reduction program benefits – Border reopened • Ridley Nutrition Solutions – Molasses availability/prices – Transport disruptions – Energy costs – New equine mill	• Reduction of 37% in LTIFR, and a 44% reduction in total recordable injury rates • Ongoing development and implementation of Safety First program • Acquisition of remaining 49% share in premium equine feed manufacturer McCauley Bros completed • Strong cash flow and disciplined capital spending	• Achieve a further 15% improvement in both LTIFR and total recordable injury rates • Continue to work towards goal of creating culture that places highest priority on safety of employees and contractors • Launch biodegradable feed container for low moisture blocks in October 2006 • Increase strategic focus on achieving earnings growth within successful ingredients and block business • Progress on ERP systems upgrade

FINANCIAL REVIEW

OVERVIEW

Improved operating earnings from each of Ridley's divisions, Ridley AgriProducts, Cheetham Salt and Ridley Inc led to EBIT increasing by 12% over last year. Cash flow generation remained strong, with EBITDA also increasing by 12% to $81.5 million. Dividends have been increased by 8% to 7.00 cents per share.

As a result of adopting the Australian equivalents to International Financial Reporting Standards (AIFRS), all of the relevant comparative numbers for last year have been restated.

EARNINGS PERFORMANCE

On an AIFRS basis, net profit before significant items for the year was $27.7 million. This was 10% down on the adjusted $30.7 million result of last year. The improved operating result was impacted by legal costs associated with the Canadian legal claims, which totalled $1.7 million (net of tax and minority interest), and higher interest costs and income tax expense.

	2006 $'000	2005 $'000
Sales revenue	**1,258,675**	1,153,872
EBIT	**59,683**	53,362
Less: Net borrowing costs	**13,867**	9,876
Operating profit before tax	**45,816**	43,486
Less: Tax expense	**12,087**	7,777
Minority interest	**6,040**	5,012
Net profit from operations	**27,689**	30,697
Significant item – net	**–**	9,272
Net profit	**27,689**	39,969

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT for the year was $59.7 million, up 12% on last year's restated $53.4 million. Improved performances from each of our operating divisions contributed to this result.

For Ridley AgriProducts, an increase in volumes was the main factor in the higher earnings of $15.9 million, which was 2% over last year's restated $15.6 million. (Last year's result benefited from the inclusion of $1.0 million net proceeds received on the establishment of a joint venture. Allowing for this, operating EBIT was up by 9%.) Feed volumes overall increased by 9% with improvements in sales to the dairy and poultry sectors, only partly offset by lower beef volumes reflecting good pasture conditions particularly in Queensland.

Salt Division earnings increased by 22% to $23.1 million compared to last year's restated $19.0 million. The earnings improvement was driven by the contribution from the Dry Creek salt field, which was acquired in May 2005. This increased current year's earnings by $5.8 million over last year. Lower volumes to the Queensland stockfeed sector and exports, together with increased freight and energy costs, held back earnings in other parts of the business compared to last year. Equity profits from Ridley's joint venture operations (principally the Salpak salt marketing business in Australia and Dominion Salt in New Zealand) were virtually unchanged from last year at $5.9 million.

US Feed Operations earnings grew 13% to $17.1 million over the restated $15.2 million of last year (in US dollars, EBIT was US$12.7million, up 12%). Although volumes were slightly down on last year (1%) due to the mild winter and a warm and dry spring, improved margins overall and ongoing cost control programs implemented last year were able to keep 2006 expenses below prior year levels, despite increasing labour and energy costs. Last year's result was positively impacted by $3.3 million relating to the settlement of claims made against ingredient suppliers in earlier periods.

Dividends were increased to 7.00 cents per share, 50% franked. This is up from 6.50 cents per share (50% franked) last year.

In Canada, earnings more than doubled to $10.0 million compared to a restated $4.7 million last year (in Canadian dollars, EBIT was C$8.7 million, compared to C$4.3 million last year). The improvements followed the reopening of the US/Canadian border to some live cattle shipments, and the resolution of issues surrounding countervailing duties for hogs into the US. Volumes increased by 5% and margins improved, reflecting improved customer economics, particularly in the beef and pork sectors. Bad debt provisions were $1.6 million lower this year compared to last, and the business experienced more stable ingredient markets with the benefits of the cost reduction program which was implemented last year.

Our Ridley Nutrition Solutions business had earnings of $9.6 million, which were down 13% on last year's restated $11.0 million. Molasses supply problems and transport disruptions, due to hurricanes in the first half of the year, resulted in reduced margins and higher operating costs for the Sweetlix business. Start-up costs associated with a new equine mill adversely affected the Equine Nutrition business. These were somewhat offset by more stable conditions in the second half of the year and improved volumes (up 7%) in the traditional low moisture block operation.

Unallocated costs, which include corporate office costs in Australia and North America, as well as the costs associated with the Board, stock exchange listings and compliance costs increased from a restated $12.1 million to $16.1 million. Legal costs incurred in defending the Canadian law suits increased by $1.9 million to $3.0 million while a number of one-off expenses including redundancies, increased audit fees (due to AIFRS and Sarbanes-Oxley compliance), and tax consulting charges increased costs by approximately $1.0 million.

In 2005, our entry into the Tax Consolidation System produced a one-off tax benefit of $9.3 million. This was recorded as a significant item in that year.

FINANCE COSTS

Finance costs for the year were higher than in 2005 due to the acquisition of the Dry Creek salt field in May 2005 and resulting higher debt levels. Net interest expense (including borrowing costs) for the year was $13.9 million, $4.0 million higher than last year, with borrowing costs for the year averaging 6.7%, in line with last year.

DIVIDENDS

Dividends were increased to 7.0 cents per share, 50% franked. This is up from 6.5 cents per share (50% franked) last year.

INCOME TAX

Income tax expense for the year was higher than last year (excluding the significant item), partly due to the higher overseas earnings, which are taxed at higher rates than in Australia. Total income tax of $12.1 million averaged 30% of pre-tax earnings (excluding associate income) compared to $7.8 million and 21% last year.

CASH FLOW

Before working capital movements and acquisition spending, we generated $29.4 million of cash flow for the year. Working capital increased by $22.8 million as it returned to more normal levels compared to last year. This overall increase was aided by higher earnings and lower tax payments, partly offset by increases in capital expenditure (up from $22.9 million last year to $26.3 million) and interest payments, which were $3.1 million higher than last year.

This year we spent $10.2 million on some minor bolt-on acquisitions, notably the assets of Teangi Stockfeed in Victoria, Primix in North Queensland and the remaining 49% of McCauley Bros in Kentucky.

Net debt levels increased by $7.4 million during the year. Acquisition funding of $10.2 million and unfavourable currency movements of $3.8 million on the translation of US and Canadian denominated debt to Australian dollars was partly offset by cash debt repayments of $6.6 million.

The collection and control of receivables remains a key focus for us. Days sales of receivables outstanding at year-end were 29 days, the same as last year. One day's sales represents approximately $3.4 million in revenue.

BALANCE SHEET AND KEY RATIOS

	2006 $'000	2005 $'000
Gross bank and other debt	**178,862**	175,097
Less: Cash	**7,400**	10,987
Net debt	**171,462**	164,110
Total liabilities/total tangible assets	**54.0%**	55.8%
Net debt/shareholders' equity	**43.5%**	46.7%
Net debt/EBITDA (times)	**2.1**	2.3
EBITDA/net interest (times)	**6.3**	8.0
Return on Shareholders' funds*	**8.6%**	10.5%
Return on funds employed*	**10.1%**	9.8%
Earnings per share* (cents)	**10.0**	11.3

* Before significant items.

EXCHANGE RATE

Overseas earnings are translated into Australian Dollars at average exchange rates for the year.

The balance sheet is translated at the year-end rate. Major exchange rates applicable were as follows:

		2006	2005
Average rates	US$: A$	**0.7434**	0.7495
	C$: A$	**0.8630**	0.9398
Year-end rates	US$: A$	**0.7421**	0.7640
	C$: A$	**0.8270**	0.9495

ISSUED CAPITAL MOVEMENTS

During the year, 8.1 million shares were issued for a consideration of $9.6 million under the Dividend Reinvestment Plan, Employee Share Scheme and the Incentive Option Plan.

GLOBAL BANKING FACILITY

Late in the year, we began negotiations with our banking partners to restructure our global banking facilities. These were concluded in July 2006. As a result, a number of key features of the facilities have changed. They are:

- The term of the facility has been extended from October 2007 until July 2009.
- Funds available have been increased to approximately $335 million from $270 million.
- Interest margins have been reduced, and covenants have been improved.

> **Global banking facility**
> - **The term of the facility has been extended from October 2007 until July 2009.**
> - **Funds available have been increased to approximately $335 million from $270 million.**
> - **Interest margins have been reduced, and covenants have been improved.**

FINANCIAL RISK MANAGEMENT

The Board of directors, through management, seeks to minimise risk to our earnings and assets in the following ways:

- Interest Rate Risk: At 30 June 2006, approximately $126.6 million of gross debt was subject to fixed rates of interest for periods up to two years. The level of cover is reviewed with the aim of maintaining a spread of interest rate maturity periods.
- Currency Risk: Wherever possible, we borrow in the currencies of the countries in which we operate. Exposure is thereby limited to the net asset investment in any particular country. Ridley has borrowings in Australian, US and Canadian dollars. Movements in currency, as they affect the translation of the overseas net assets, are transferred to the Foreign Currency Translation Reserve. Major transactional exposures are covered at the time a commitment is made or when the liability occurs.
- Commodity Risk: Ridley purchases a range of 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 and amount of forward purchases.

INSURANCE

Our continuing focus on risk management has helped contain insurance costs in recent years. For the coming year this focus, together with the softer insurance market in Australia, has led to a reduction in premiums of 13%. This is despite an increase in the underlying asset base due to the newly acquired businesses. Insurance terms and conditions remain unchanged or improved.

IAN WILTON
CHIEF FINANCIAL OFFICER

REVIEW OF OPERATIONS

RIDLEY AGRIPRODUCTS

GROWTH IN MARKET SHARE AND, TO A LESSER EXTENT, ACQUISITIONS WERE THE MAIN FACTORS BEHIND THE 9% INCREASE IN OPERATING EARNINGS TO $15.9 MILLION.

Volumes increased by 9% with improvements in sales to the dairy and poultry sectors, partly offset by lower beef volumes, reflecting abundant pasture conditions in Queensland.

A significant improvement in safety performance this year has seen the lost time injury frequency rate decrease by 17% and the duration rate decrease by 42%. More detail is provided in the sustainability report on page 20.

The increase in market share was most prominent in Australia's southern states, where dairy and poultry sales volumes in particular have stretched the production capacities of some of our mills.

To alleviate these capacity issues, some volume was pushed out to remote mills, resulting in excess transport costs. These freight costs are expected to diminish as investments designed to boost the efficiency and production capacity of these sites are brought online.

In contrast, our mills in northern Australia experienced a decline in utilisation – largely a consequence of lighter demand for beef feeds. Due to the abundance of natural pastures, farmers were less reliant on manufactured feed and supplements.

In the supplements business unit, two major projects have been undertaken. The facility at Wacol, Queensland is being significantly upgraded and will be completely operational early in calendar year 2007. This upgrade will lift production capacity and, with mechanisation and automation, produce significant efficiency improvements in the manufacture of supplements. As well, Primix Nutrition, a Townsville-based block and loose mix supplements manufacturing operation, was acquired from Elders. While integration has been somewhat protracted, once this acquisition is fully incorporated into the business, it will greatly improve Ridley AgriProducts' ability to service the market.

In addition to the Primix acquisition, Teangi Stock Feeds, a pelletised stockfeed producer with mills at Colac and Gunbower in Victoria, was purchased. Integration of the Teangi business into our wider operation is almost complete. These new sites, in addition to ongoing investment in our existing facilities, will allow us to better balance milling capacities with sales demand.

The dairy sector has enjoyed strong demand and high levels of plant utilisation, with feed sales volumes increasing by over 13% against last year (excluding Teangi). Our dairy customers' terms of trade have been favourable, with a strong milk price/feed price ratio encouraging more intensive feeding.

Pig feed sales volume was up 2%, despite a contracting national herd and a pork industry under increasing pressure from foreign imports and a strong Australian dollar.

We enjoyed a 6% lift in our poultry sales volume, which was largely driven by improvements in feed performance. This sector now represents approximately 37% of total sales volume.

Sales volumes for the liquid supplements business, primarily conducted through Champion Liquid Feeds Joint Venture (CLF), finished slightly down on last year's result. Rationing supply of molasses was necessary due to shipping delays and storage capacity limitations in Victoria. These issues are being overcome with new shipping arrangements, and plans for new liquid feeds facilities in Victoria and at Mackay Sugar's Marian mill in Queensland.

In the purchasing arm of the business, our percentage of direct (off farm) grain sourcing has lifted by 5% to 37% nationally, giving greater flexibility and generating supply chain efficiencies. Grain markets were relatively stable during the year.

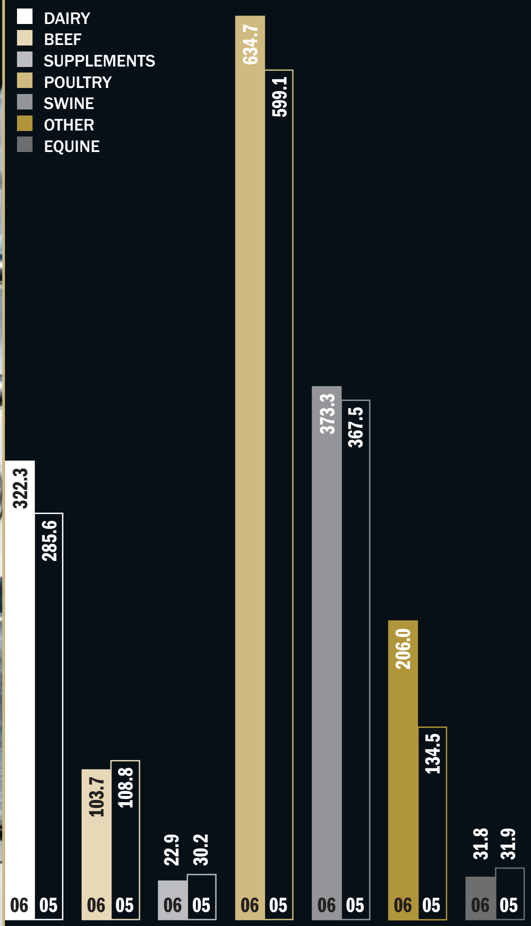
Our Aqua-Feeds plant enjoyed high levels of utilisation, with sales volume up 16% and a more balanced sales profile across salmon, prawn, barramundi and other native fish species. New technical resources engaged in the course of the year are enabling us to better service the requirements of our customers and ensure the products we offer are the best performing for their needs.

We have continued to develop the new agency arrangements for CCD Animal Health and Nutrition, our stockfeed additives business, which were in place at the start of the year. This, combined with the benefit derived from increased feed sales, lifted profitability by 20%.

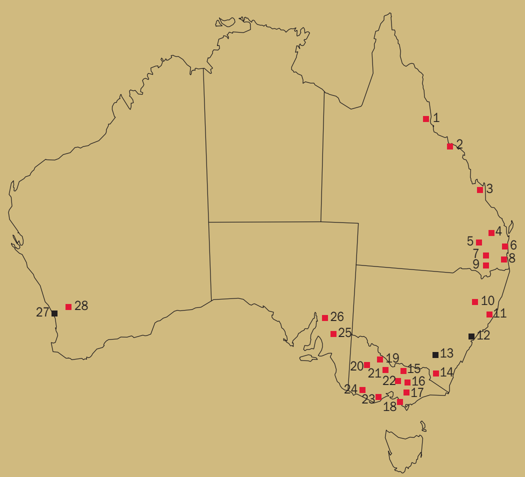
The Packaged Products unit has implemented a rationalisation of brands, product range and bag size, consolidating a number of labels into the three key brands, Barastoc, Rumevite and Cobber. The rollout of the new improved branding, packaging materials and bag sizes continued throughout 2006 and will be further progressed in 2007.

In 2007, Ridley AgriProducts will be focused on: continuing to invest in our mills to improve safety, capacity and efficiency; driving volumes through better relationships with our customers; and the stringent control of costs to deliver sustainable improvements in earnings.

A BARASTOC BRANDED TRUCK DELIVERS BULK STOCKFEED. RIDLEY AGRIPRODUCTS NOW HAS THREE KEY BRANDS: BARASTOC, RUMEVITE AND COBBER.



AUSTRALIA FEEDS '000 TONNES



KEY
- MANUFACTURING & DISTRIBUTION
- DISTRIBUTION ONLY

1 ATHERTON
2 TOWNSVILLE
3 ROCKHAMPTON
4 WONDAI
5 DALBY
6 NARANGBA
7 TOOWOOMBA
8 WACOL
9 CLIFTON
10 TAMWORTH
11 TAREE
12 WETHERILL PARK
13 WAGGA WAGGA
14 COROWA
15 MOOROOPNA
16 MAFFRA
17 PAKENHAM
18 DANDENONG
19 COHUNA
20 GUNBOWER
21 ST ARNAUD
22 BENDIGO
23 TERANG
24 COLAC
25 MURRAY BRIDGE
26 WASLEYS
27 KEWDALE
28 NORTHAM

REVIEW OF OPERATIONS

CHEETHAM SALT

EARNINGS INCREASED 22% OVER THE PREVIOUS YEAR TO $23.1 MILLION, LARGELY DUE TO THE CONTRIBUTION FROM THE DRY CREEK SALT FIELD, ACQUIRED IN MAY 2005.

Increases in energy, labour, transport and packaging costs held back earnings in some parts of the business. The duration of major sales contracts meant these increased costs could not begin to be recovered until late in the financial year.

Sales volumes to the Australian stockfeed industry were down 15% on last year as a result of a contracted Queensland market. This was due to abundant pastoral feed conditions reducing demand for manufactured feed and supplements.

As always, Occupational Health and Safety has remained a key focus for the business. This year, a lost time injury frequency rate of 1.8 was achieved.

This is a 70% improvement on last year and represents one lost time injury for the year. Details are provided in the sustainability report on page 20.

Another significant achievement was the successful integration of the Dry Creek salt field into existing operations. It is the largest solar salt operation in eastern Australia, producing an average of 630,000 tonnes per annum, the majority of which is supplied to Penrice Soda Holdings Limited via a brine pipeline, under a 14-year "take or pay" contract. Penrice is the sole domestic manufacturer of soda ash and sodium bicarbonate – core ingredients in glass, detergents and stockfeed.

Following a re-evaluation of our approach to the swimming pool sector, we have introduced a new product, Mermaid Finest Swimming Pool Salt. The launch involved a complete branding exercise and a major advertising and promotional campaign that emphasised the product's purity and ease of use. As a totally natural product obtained by solar evaporation of seawater, its fast-dissolving crystals make it ideal for use with salt-water pool chlorinators.

Improved results from our overseas operations were driven largely by Indonesia where, following a year of record profitability, we continue to build a solid base in the country's expanding food sector. Japan has continued its steady growth, turning a profit for the first time this year.

Upgrading plant and equipment to ensure a safer and more efficient working environment continued in 2006. A major program of research and development culminated during the year with the construction and commissioning of a new salt harvester. This new harvester, designed by Cheetham and built around the biggest track-based Caterpillar tractor available, recently finished its first harvest at Sea Lake and is operating in line with expectations. The introduction of the new harvester, which operates at 1,000 tonnes per hour, will generate significant efficiencies in harvest operations by replacing two harvesters, each with 300 tonnes per hour capacity.

Following the appointment of John Murray as Chief Executive Officer – Cheetham Salt in December 2005, a restructure of the organisation was undertaken to improve efficiency and place greater emphasis on developing people for the future and to enable Cheetham to capitalise on growth opportunities.

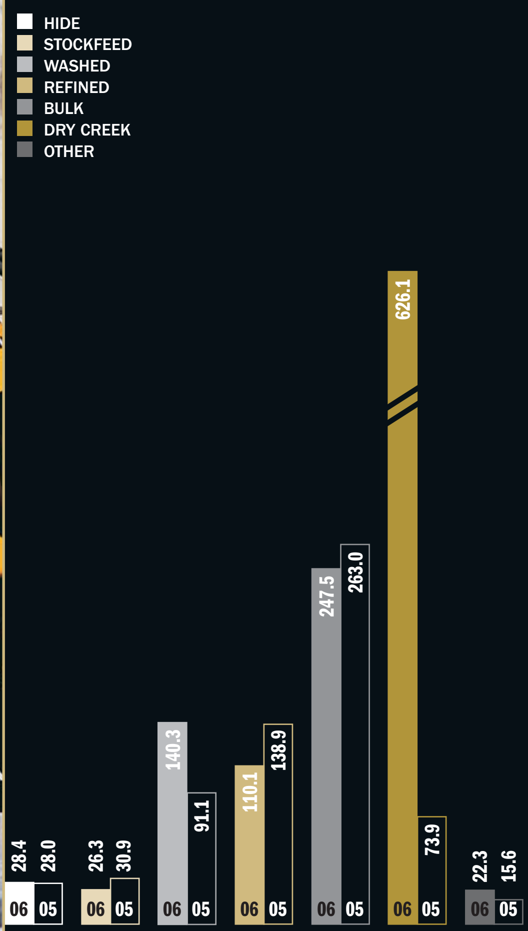
Last year, we reported on the success we had achieved in the area of salinity where, through the use of novel crystallisation and processing techniques, the Wakool operation was producing saleable salt for the first time in more than 20 years of operation. We continue to review the area of salinity and are in ongoing negotiations with government agencies and other parties about the possible development of salt production facilities. In addition, there are a number of desalination projects that remain of interest and we are well positioned to take advantage of any developments that may occur.

Our Price and Bowen salt fields continue to profit from the recovery of waste brine. This brine is concentrated magnesium with most of the sodium chloride crystallised out. Normally this is returned to the sea, but it has growing potential for Cheetham. A viable export market for magnesium brine is developing in Japan, where it is used as a food additive, and to make tofu.

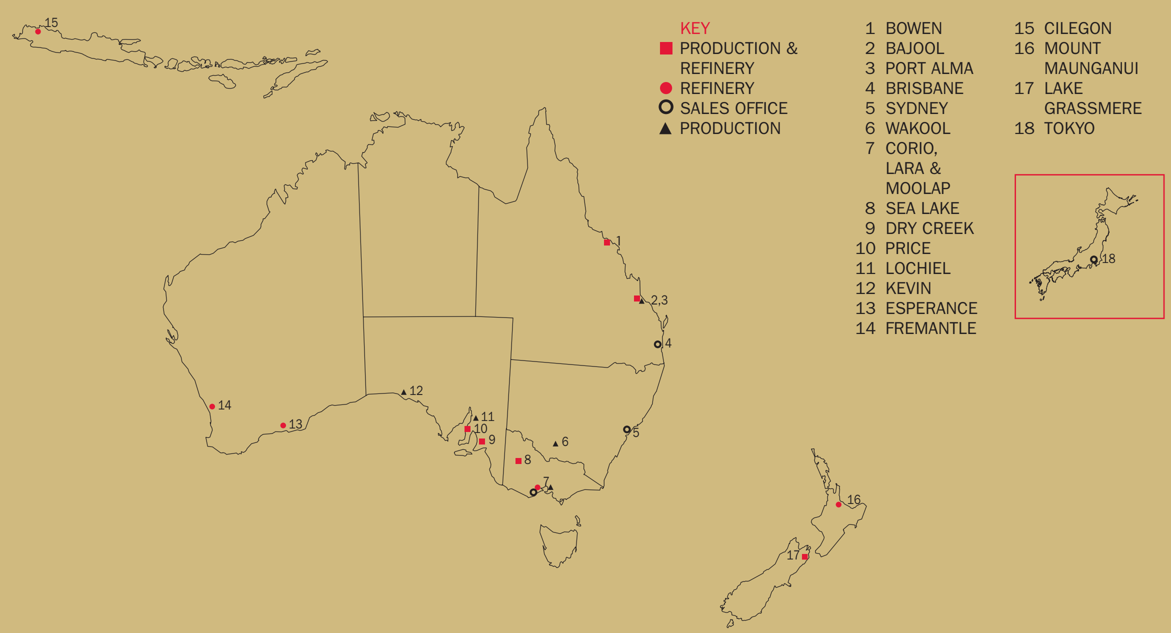
Equity profits from Cheetham's joint venture operations were virtually unchanged from last year at $5.9 million. Returns from the Australian retail operation, Salpak, were in line with last year, while New Zealand investments were up, thanks largely to an improved performance by Cerebos-Skellerup, although Dominion Salt was below last year, mainly due to adverse conditions in the agricultural sector. Western Salt Refinery in Western Australia more than doubled last year's result. This is due to improved volumes and growth in exports, mainly to Japan.

Cheetham will complete implementation of a range of supply chain initiatives during 2007, resulting in cost savings in warehousing and distribution. This includes the construction of warehouses at Price and Bajool, and the introduction of streamlined delivery systems.

THE NEW CHEETHAM DESIGNED AND BUILT SALT HARVESTER, WHICH OPERATES AT 1,000 TONNES PER HOUR, WILL GENERATE SIGNIFICANT EFFICIENCIES IN HARVEST OPERATIONS.



SALT '000 TONNES



RIDLEY INC

REVIEW OF OPERATIONS

IN ADDITION TO AN INCREASE IN EARNINGS FOR THE THIRD CONSECUTIVE YEAR, OUR NORTH AMERICAN BUSINESSES HAVE RECORDED GOOD VOLUMES GROWTH, STRONG CASH FLOWS, SIGNIFICANT DEBT REDUCTION, AND THE REALISATION OF THE BENEFITS OF THE COST REDUCTION PROGRAM IMPLEMENTED AT THE BEGINNING OF LAST YEAR.

However, freight and energy costs, and disruptions caused by weather – including three hurricanes – have had some impact on the bottom line.

A highlight of the year was the progress we made in our "Safety First" initiative, which saw us achieving 44% and 37% reductions in total recordable rates and lost time injury frequency rates respectively. This is well ahead of our targeted 20% reduction in both. More detail is provided in the sustainability report on page 20.

Our US Feed Operations had a solid year, and although volumes were slightly down on last year (1%) due to the mild winter and a warm and dry spring, a more stable ingredient market resulted in improved margins. Ongoing cost control programs implemented at the beginning of last year kept 2006 expenses below prior year levels, despite increasing labour and energy costs. Ridley Feed Ingredients recorded another year of sales volume growth in all customer segments, but higher trace mineral and energy costs impacted earnings.

Earnings for our Canadian Feed Operations increased substantially over last year following the reopening of the US/Canadian border to some live cattle shipments and the resolution of issues surrounding countervailing duties for hogs into the US. Increased volumes also reflected improved customer economics, particularly, in the beef and pork sectors, but were also the result of an aggressive sales and marketing program. Like the US operation, the business experienced more stable ingredient markets and the benefits of the cost reduction program. In addition to these factors, the generally favourable environment for livestock production, and diligent management of credit risk, reduced bad debt expense significantly.

Earnings for Ridley Nutrition Solutions were down on last year's result. Despite an increase in sales volumes led by improved volumes in the block and equine operations and the full period impact of Sweetlix, a number of issues impacted earnings.

Hurricanes in the south eastern US, while not causing any physical damage to Ridley plants, caused major disruptions to transportation infrastructure, molasses production and customer demand. This was compounded by beet molasses shortages last summer, and much higher energy costs throughout the business. To ensure continued supply to customers, production was temporarily redistributed, incurring higher transportation costs. These cost increases could not be fully recovered from customers. Also, severe drought in the south west reduced winter wheat pasture for cattle and curtailed sales opportunities for Sweetlix feed supplements.

In addition to these issues, results were also impacted by an increase in operating expenses, primarily attributable to start-up costs for the new equine centre in Pennsylvania, which opened in May 2005.

As part of Ridley's equine strategy, the remaining 49% of McCauley Bros Inc (Ridley already owned 51%) was purchased in August 2005. McCauley Bros are based in Versailles, Kentucky and manufacture premium quality feeds and nutritional supplements for the equine market.

Although steadily weaker throughout the year, the production economics environment for meat, milk and egg production was generally positive. Cattle operators in the US saw a gradual decline in prices from the peaks in 2004/05, while Canadian producers struggled with contracting margins. This was a product of the stronger Canadian dollar and the surplus of older cows due to the ongoing closure of the US border to animals over 30 months of age.

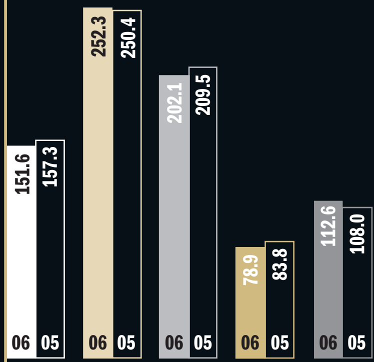
US swine producers have benefited from strong market prices and good profitability this year. However, gradually increasing inventories and stable demand led to declining returns towards the end of the year. Canadian swine producers experienced lower returns, largely as a result of higher feed costs and a strengthening of the Canadian dollar, which impacted exports to the US.

US dairy producers are seeing milk prices continue to decrease from the peaks in 2004, largely as a result of increasing cow productivity. The Canadian market is quota-managed and therefore producers are insulated from the full extent of market fluctuations.

Notwithstanding this challenging environment and higher energy costs, the focus for the coming year will be on organic growth. We have a number of new capital projects in the pipeline. These include some plant automation, significant enhancements to our safety initiatives, a new planning system, as well as plant expansion in some of our key operations.

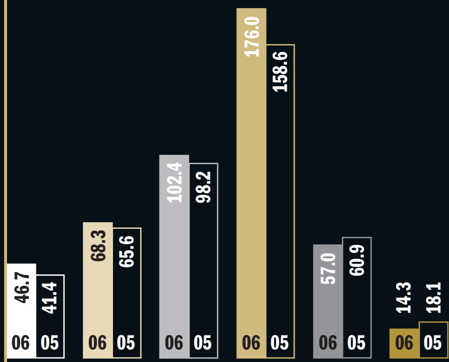
AS PART OF THE "SAFETY FIRST" INITIATIVE, AUTOMATED PALLETISERS HAVE BEEN INSTALLED AT THE RIDLEY FEED INGREDIENTS MILL IN MENDOTA, ILLINOIS.

- DAIRY
- BEEF
- SWINE
- SUPPLEMENTS/ FEED INGREDIENTS
- OTHER



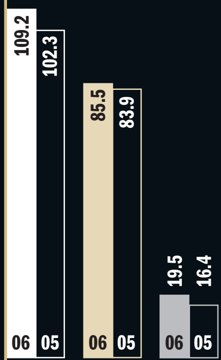
US FEEDS '000 TONNES

- DAIRY
- BEEF
- POULTRY
- SWINE
- SUPPLEMENTS/ FEED INGREDIENTS
- OTHER

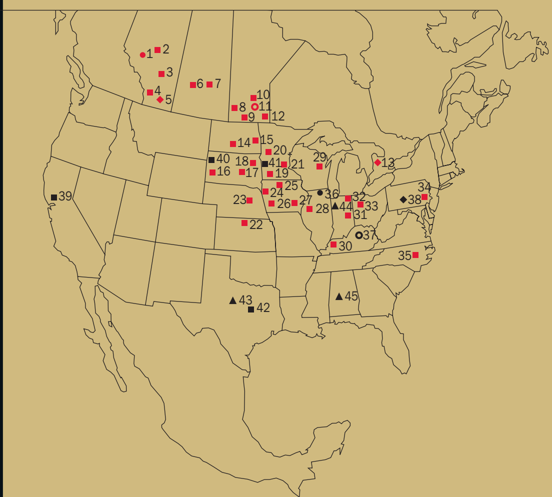


CANADA FEEDS '000 TONNES

- BLOCK OPERATIONS
- SWEETLIX
- EQUINE



NUTRITION SOLUTIONS '000 TONNES



KEY
- PRIMARY FEED PLANTS
- MACRO PREMIX PLANTS
- RETAIL STORE ONLY
- MICRO PREMIX, MACRO PREMIX, PRIMARY FEED PLANT, RETAIL STORE
- RIDLEY FEED INGREDIENTS
- SWEETLIX
- MCCAULEY BROS INC,
- RIDLEY EQUINE CENTER
- RIDLEY BLOCK OPERATIONS

1 ROCKY MOUNTAIN HOUSE, ALBERTA
2 LACOMBE, ALBERTA
3 LINDEN, ALBERTA
4 FORT MACLEOD, ALBERTA
5 LETHBRIDGE, ALBERTA
6 SASKATOON, SASKATCHEWAN
7 HUMBOLDT, SASKATCHEWAN
8 BRANDON, MANITOBA
9 MANITOU, MANITOBA
10 ARBORG, MANITOBA
11 WINNIPEG, MANITOBA
12 GRUNTHAL, MANITOBA
13 MITCHELL, ONTARIO
14 BISMARCK, NORTH DAKOTA
15 GRANDIN, NORTH DAKOTA
16 RAPID CITY, SOUTH DAKOTA
17 HURON, SOUTH DAKOTA
18 WATERTOWN, SOUTH DAKOTA
19 WORTHINGTON, MINNESOTA
20 ALEXANDRIA, MINNESOTA
21 MANKATO, MINNESOTA
22 BELOIT, KANSAS
23 COLUMBUS, NEBRASKA
24 SIOUX CITY, IOWA
25 STORM LAKE, IOWA
26 ATLANTIC, IOWA
27 IOWA CITY, IOWA
28 BUSHNELL, ILLINOIS
29 APPLETON, WISCONSIN
30 HOPKINSVILLE, KENTUCKY
31 CASTLETON, INDIANA
32 SHIPSHEWANA, INDIANA
33 BOTKINS, OHIO
34 LANCASTER, PENNSYLVANIA
35 SELMA, NORTH CAROLINA
36 MENDOTA, ILLINOIS
37 VERSAILLES, KENTUCKY
38 CHAMBERSBURG, PENNSYLVANIA
39 STOCKTON, CALIFORNIA
40 WHITEWOOD, SOUTH DAKOTA
41 WORTHINGTON, MINNESOTA
42 BUFFALO, TEXAS
43 FORT WORTH, TEXAS
44 SYRACUSE, INDIANA
45 MONTGOMERY, ALABAMA

SUSTAINABILITY REPORT

RIDLEY'S SUSTAINABILITY FOCUS AIMS TO POSITION THE COMPANY SO THAT IT OPERATES SUCCESSFULLY AND PROTECTS THE SAFETY AND HEALTH OF OUR PEOPLE WHILE AT THE SAME TIME REDUCING OUR IMPACT ON THE ENVIRONMENT.

The sustainability plan prepared for Ridley's Australian operations last year set specific targets in waste management, recycling, energy, water, emissions and employee development. The progress we've made to reduce our impact on the environment has, for the most part, been encouraging. Our operations continue to embrace sustainable practices and across both our Australian and North American businesses we have implemented a range of new health and safety, environmental and business-based initiatives.

HEALTH AND SAFETY

Performance

We continue to develop a culture that supports Ridley's health and safety values by encouraging behaviour and implementing processes that safeguard employees, contractors, visitors and the community from incidents and occupational hazards.

A continued focus on safety has helped steadily reduce Ridley's lost time injury frequency rate (LTIFR) over the last four years. This year we achieved our lowest LTIFR since we began using the measure in 1997, which is a significant achievement. However, the focus for 2007 will be to further reduce our workplace injuries.

Ridley Inc's safety performance is a highlight of the year. The business achieved a 44% improvement in total recordable rates of injury (lost time incidents, as well as those that require medical aid) and a 37% improvement in the LTIFR. Each of those was well ahead of our internal target. This improvement is a result of the Safety First program implemented in 2006 and also the commitment by our employees and the management team to actively work towards improving safety management at all sites.

Cheetham Salt had a similarly strong safety performance, achieving a 70% improvement in the LTIFR during the year and recording only one lost time injury. Cheetham also received two Outstanding Achievement awards at the National Safety Council of Australia/ Telstra National Safety Awards of Excellence for achieving five-star ratings at its Sea Lake (VIC) and Corio (VIC) sites. This was the second time this award has been presented to Corio (VIC), where almost four years have passed without a lost time injury.

Ridley AgriProducts also achieved significant improvements in the medically treated injury frequency rate (MTIFR) of 37% and 42% in the duration rate of lost time for incidents. The LTIFR improved by 17%, but the internally set LTIFR target was not achieved this year. The LTIFR was 21 compared with a target of 18.

Systems

Ridley Inc's safety activity revolved around the development of its 2006 Safety First program, which includes the implementation of a behavioural change module and an observation audit plan. To facilitate the implementation of the program and to provide expert advice and assistance to the management team and employees, a Director of Safety was appointed in June 2006.

Ridley AgriProducts spent 2006 continuing to improve its safety management system. The business undertook a benchmarking exercise of its safety management systems against those of DuPont Safety Resources – a company that is recognised as a leading authority in implementing disciplined operating systems aimed at preventing workplace incidents and injuries. The results identified areas for improvement including updating of programs and procedures for best practice incident investigation, materials handling and job safety analysis. The review also identified areas where safety and environment procedures could be integrated. Overall the review identified that in many areas Ridley AgriProducts safety management system met DuPont expectations and standards. The year also saw the establishment of the AgriTrack incident management and recording system. This system allows managers to report on incidents as they occur, communicate the incident to relevant managers within the Company and monitor progress with corrective actions.

Cheetham Salt continues to enhance its integrated Quality, Safety & Environment management system. The procedures that support the system are available to all staff via the division's intranet – SaltNet.

We continue to develop a culture that supports Ridley's health and safety values by encouraging behaviour and implementing processes that safeguard employees, contractors, visitors and the community from incidents and occupational hazards.

ENVIRONMENT

Ridley's operations are intrinsically eco-friendly, with the majority of the inputs to production being natural raw materials. Consequently, the business has a low impact on the environment. Compliance with environmental licences and regulations is mandatory for all Ridley businesses. However, Ridley's commitment to the environment goes beyond just complying with the law. Rather, our businesses take a proactive approach to identifying areas where impacts on the environment can be reduced or managed more effectively.

Environmental management system

Ridley AgriProducts continued to bring its entire network of mills in line with ISO 14001 environment management standards, but will not be seeking certification. The business has made significant progress in implementing the environmental management system and by June 2006 had all of its sites audited against the ISO 14001 standard. In 2007 the focus will be to continue to strengthen the environmental management systems at each site.

Vegetation management is an important aspect of Cheetham Salt's operations. Plans are in place at sites to monitor and, where possible, enhance the local vegetation. For example, a samphire rehabilitation project has been established at Price, South Australia. Samphires are important plants in the estuarine ecosystem. They absorb nutrients that wash from the land and provide food and shelter for many small animals, which in turn feed birds, fish and crabs. Both Price and Dry Creek, both located in South Australia, are working constructively with samphire coast community conservation groups.

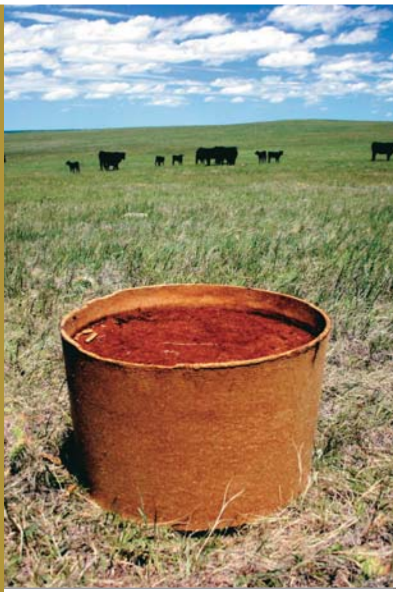
In July 2006, Cheetham's Bajool (Qld) site joined Price (SA) and Corio (Vic) in obtaining approval for certification to ISO 14001 for its environmental management system. This is a major achievement for the site and reflects the dedication by the management team and our people to upgrade the environment management systems and practices. The remaining Cheetham sites have continued to develop their systems consistent with the standard and improve their environmental management practices.

At Sea Lake (Vic), disused roads have been closed off to allow rehabilitation, while at Port Alma (Qld) and Bajool (Qld), photographic mangrove monitoring is in place.

Waste and recycling

Both Ridley AgriProducts and Cheetham Salt continue to identify areas where reduction in waste and increased recycling of wastes can be achieved.

As of 1 March 2006, all Ridley AgriProducts sites are now weighing and recording their waste, with the results providing a recording system to track progress and shifts in levels of waste disposal. Balers, which compress waste material to enable the more efficient management of waste, are progressively being acquired in line with site needs and have recently been installed at the Wasleys (SA) and Murray Bridge (SA) mills.



RIDLEY NUTRITION SOLUTIONS IS IN THE FINAL PHASE OF LAUNCHING A BIODEGRADABLE FEED CONTAINER FOR THE MOLASSES-BASED LOW MOISTURE BLOCK USED IN THE UNITED STATES.

DURING PRODUCT DEVELOPMENT OF THE BIOBARREL, OVER 1,000 CONTAINERS WERE FIELD TESTED ACROSS THE US IN A VARIETY OF CLIMATES, ENVIRONMENTS, LIVESTOCK SPECIES, MANAGEMENT AND PRODUCTION SYSTEMS.

Both Ridley AgriProducts and Cheetham Salt are signatories to the National Packaging Covenant, which commits the business to recycling initiatives.

Ridley AgriProducts continues to replace the polypropylene packaging with fully recyclable low-density polyethylene bags. Cheetham is also using polyethylene bags for its Mermaid Finest products.

In November 2005, Cheetham Salt won the Victorian Premier's 2005 Business Sustainability Award in the Large Business Category for its work in developing the Waste Hide Salt Recycling program at Corio.

At Cheetham, external waste management companies conducted waste management audits at the major sites. Cheetham also met the target of reducing solid waste and in 2007 the division will develop state-based management plans aimed at reducing the volume/mass of solid waste to landfill. In addition to these initiatives, all Cheetham sites have recycling initiatives in place for oil, paper and cardboard. These initiatives will continue and will be included in the state-based waste management plans.

Cheetham increased the recycling of saline through a third party recycling project, the Wakool (NSW) saline management project, and hide salt recycling. Overall, 22,404 tonnes of salt were recovered – well ahead of last year's figure of around 11,900 tonnes. The third party recycling project recovered 6,854 tonnes of salt; the Wakool (NSW) project harvested 13,550 tonnes of intercepted salt; and the hide salt recycling plant recovered around 2,000 tonnes of waste salt and sold 1,433 tonnes of "Envioedge" recycled salt back to the hide industry.

In November 2005, Cheetham Salt won the Victorian Premier's 2005 Business Sustainability Award in the Large Business Category for its work in developing the Waste Hide Salt Recycling program at Corio (VIC). The recycling program prevents waste hide salt, which is used to cure animal hides, from being disposed of in landfill. Cheetham worked with CSIRO to develop a process that reduces salt to landfill, and allows the majority of the hide salt to be reused and sold back to the industry.

BioBarrel

Ridley Nutrition Solutions is in the final phase of launching the BioBarrel in the United States, a biodegradable feed container for the molasses-based low moisture block. The BioBarrel will replace the steel and plastic barrels that are currently used. These barrels are returned to Ridley sites where they are reconditioned, restocked and then redistributed to customers. The BioBarrel will eliminate this process and will reduce on-farm handling.

During product development of the BioBarrel, over 1,000 containers were field tested across the US in a variety of climates, environments, livestock species, management and production systems.

The progressive rollout of the BioBarrel to Ridley Inc customers will commence in October 2006.

In preparation of the BioBarrel launch, selected locations have held, and are scheduled to hold, field demonstrations with key sales personnel prior to receiving the BioBarrel in their area. These demonstrations are designed to better prepare sales staff and their customers for container positioning, application, handling and performance under field conditions. There are over 40 of these demonstrations planned during the launch period.

Water and energy

This year, Cheetham Salt conducted energy audits at its major sites to identify areas where energy efficiencies could be gained to reduce its energy consumption. Overall electrical energy usage per tonne for Cheetham was down considerably in 2006, however, this was mainly due to the timing of salt harvests and the impact of Dry Creek (SA), which was purchased in May 2005. In 2007 Cheetham will develop state-based energy management plans that will incorporate initiatives identified from the energy audits and any others that are identified to improve energy efficiency at all sites.

At the Ridley AgriProducts sites, good results have been achieved on improving the efficiency of mills through changes in product mixes that have led to longer production runs and gains in energy efficiencies. In 2006, the internally set target of reducing electrical energy usage per tonne by 1% was not met due to the acquisition of three new sites. Inefficiencies within these sites has resulted in a considerable imbalance in the energy usage per tonne. In addition, these three sites did not have accurate data recording systems in place. In 2007 Ridley AgriProducts will continue to identify and implement efficiency improvements at all sites, particularly the recently acquired sites. Data recording for these sites will also be developed to ensure accurate monitoring of energy usage and to allow identification of reductions achieved.

Energy audits, carried out at each Ridley Inc location by manufacturing managers, identified a range of energy saving opportunities, such as boiler efficiency training and improved maintenance.

Emission control

In Ridley AgriProducts, a bio-filter was installed at Pakenham (Vic) in June 2006 and commissioned in September 2006.

All Ridley AgriProducts mills handle grains which, if not properly managed, can create dust. To assist in the management of dust creation and consequential risks such as dust explosions, an electronic control system, called the WatchDog System, was trialled at Ridley AgriProducts' Dalby (QLD) site. This system monitors the operation of grain elevators to reduce the potential for a dust explosion. The results of the trial were satisfactory and the system will be progressively installed at sites as required.

Biosecurity risks

We remain focused on the range of biosecurity risks that potentially confront the business, the most notable of which is avian influenza. Over the year, we have engaged in a range of activities to improve awareness of avian influenza and increase the existing controls to prevent or mitigate the impacts to the business of an outbreak.

Supply chain

Ridley AgriProducts commenced a project targeted at improving premix addition assurance in all mills. This was part of a supply chain project and included development of a best practice standard. The standard outlines the requirements in areas such as dust control, manual handling, layout, quality control and environment and appearance. Audits against the standard were conducted at all sites. The findings were evaluated and prioritised and action plans have been developed for all sites to meet 80% of the requirements in the standard. All actions are to be completed by the end of 2007.

Training and development

Following the completion of the necessary training, Ridley AgriProducts' Occupational Health, Safety and Environment Managers are now accredited AS/NZS 4801 Auditors. AS/NZ 4801 auditing standards incorporate legislative compliance as a base level of safety management systems.

In Ridley AgriProducts, training completion rates are now tracked and reported on as operational KPIs. Certification options now include Certificates II and III in Food Processing, and Certificate III in Customer Contact. Sixty employees received Certificate II in Food Processing.

A restructure of Cheetham is underway to improve efficiency and place greater emphasis on developing people for the future. A Human Resources Manager was employed to assist the business in achieving this goal.

A BIO-FILTER WAS INSTALLED AND COMMISSIONED AT RIDLEY AGRIPRODUCTS' PAKENHAM SITE.

VEGETATION MANAGEMENT IS AN IMPORTANT ASPECT OF CHEETHAM SALT'S OPERATIONS. PLANS ARE IN PLACE AT SITES TO MONITOR, AND WHERE POSSIBLE, ENHANCE THE LOCAL VEGETATION.

2006 REPORT CARD

Division	Subject	Target
Ridley AgriProducts	Waste management	Develop process to determine correct practices so improvements can be achieved. Continue to roll out balers. (Balers compress waste material to enable the more efficient management of waste.) Find contractors to remove waste for recycling.
Cheetham Salt	Waste management	Undertake waste management audits at all locations. Reduce solid waste/tonne by 5%.
Ridley AgriProducts and Cheetham Salt	Recycling	Complete investigations into suitability of polyethylene bags throughout the business.
Cheetham Salt	Recycling	Increase recycling of saline by 10% per tonne from a third party recycling project, Wakool saline management project and hide salt recycling. Progress the Lake Tyrell project, which involves treatment of saline from the Kerang region. Reduce bitterns (the remaining solution after salt is crystallised out of seawater) discharge at salt production sites through the implementation of improvement projects.

Progress as at 30 June 2006	Priority for 2007
As of 1 March 2006, all sites now weigh waste and record results, allowing the monitoring of levels of waste disposal and the targeting of those sites with high levels for improvement.	Develop an effective base-line pattern of waste produced over a full 12 month period to enable proper improvement targets to be established. Taking into account the continuing move to 20Kg bags, a reduction target of 2% in 2007 is projected.
Balers are progressively being acquired in line with site needs and have recently been installed at the Wasleys and Murray Bridge mills.	Continue to roll out balers on an as-needs basis in line with the development of streamlined packaged product facilities.
Efforts to find a suitable national contractor to coordinate our recycling and waste management activities proved unsuccessful due to the geographic range of our sites.	Pursue and establish regional and site-based solutions.
External parties have conducted waste audits at major sites.	Continue to collect data at each site using the systems developed in 2006.
Solid waste per tonne was considerably lower in 2006, due to initiatives implemented at most sites. All sites have ongoing recycling initiatives in place for oil, paper and cardboard.	Develop a waste management plan for each state to identify key initiatives to reduce volume of solid waste to landfill. Comply with undertakings of the National Packaging Covenant.
In Ridley AgriProducts, polyethylene bags are being progressively introduced.	Continue to introduce polyethylene bags where appropriate.
At Cheetham, polyethylene bags have been introduced for the new swimming pool product, Mermaid Finest Swimming Pool Salt.	Compliance with undertakings of the National Packaging Covenant will include recycling opportunities.
AgriProducts and Cheetham Salt are signatories to the National Packaging Covenant. Their revised plans have been completed, signed and submitted. These commit the businesses to recycling initiatives.	
The third party recycling project recovered 6,854 tonnes of salt; the Wakool project harvested 13,550 tonnes of intercepted salt; and the hide salt recycling plant sold 1,433 tonnes of “Envioedge” recycled salt back to the hide industry.	Continue to operate recycling facilities that recover saline wastes at Wakool, Moolap and Corio. Expand the hide salt recycling operations at Corio to increase sales of “Envioedge” recycled salt back to the hide industry.
Awaiting government approval for the Lake Tyrell project.	Bitterns management plans to be developed for each salt field. This is aimed at further discharge reductions and enhanced control.
At Bajool, a bitterns recovery system is fully installed. A bitterns concentrating pond has also been implemented at Bowen. This equates to a bitterns reduction of some 8,000 tonnes.	Undertake magnesium brine production trials at Bajool, Lara and Bowen.

2006 REPORT CARD (CONTINUED)

Division	Subject	Target
Ridley AgriProducts	Energy	Electrical energy reduction of 1% per tonne of product made.
Cheetham Salt	Energy	Electrical energy reduction of 2% per tonne of product made.
Cheetham Salt	Fresh water	Explore other methods for using sea water to replace weir water at Bajool.
Ridley AgriProducts	Emissions – odour/ dusts	Complete installation of bio-filter at Pakenham and odour emission controls at Narangba. Trial WatchDog System for elevator legs to reduce nuisance dust emissions at the top of mills (which has significant safety benefits).
Cheetham Salt	Biodiversity management	Establish vegetation monitoring at each site.
Ridley AgriProducts	Employee development	Complete the rollout of workbooks (a knowledge and skills training program) to all plants.
Corporate	Performance measurement	Define measurable targets and agree on how to measure and report them.

Progress as at 30 June 2006	Priority for 2007
Due to the acquisition of additional sites at Gunbower, Colac and Townsville, the target was not met. Inefficiencies within these sites have resulted in a considerable imbalance in energy per tonne.	Further work will be conducted in 2007 to review strategies and improve all sites to meet the 1% per tonne target.
Overall electrical energy usage per tonne for Cheetham was down considerably in 2006. However, this was mainly due to the timing of salt harvests and the impact of Dry Creek which was purchased in May 2005. Energy audits were conducted at each site to identify areas for reduction in electricity usage.	In 2007 each state will develop and implement an energy management plan to continue to reduce electrical energy consumption. Outcomes of the energy audits will be used as an input to these plans.
Not completed. Options were investigated, but may not deliver expected outcomes. Storm water collection systems were installed as part of the refinery building upgrade at Bajool.	Continue to collect data at each site using the systems developed in 2006. Seek opportunities to reduce water consumption at Sea Lake, Bajool and Bowen.
Installation complete at Pakenham. Commissioned in September 2006. Monitoring at Narangba was conducted. Odour readings are currently within EPA guidelines. The system was trialled at Dalby and has proved satisfactory.	Monitor odour emissions from Narangba site to ensure site requirements are maintained. WatchDog System to be progressively installed at sites as needed.
Samphire rehabilitation project established at Price. Both Price and Dry Creek are working with samphire coast community conservation groups. At Sea Lake, disused roads have been closed off to allow rehabilitation, while at Port Alma and Bajool, photographic mangrove monitoring is in place.	Vegetation management is a key aspect of Cheetham Salt's operations. Plans are in place at sites to monitor and, where possible, enhance the local vegetation. This will be continued in 2007.
Completed, with ongoing review processes in place at all sites to ensure that the program remains up-to-date. 60 employees received Certificate II in Food Processing. Certification options now include Certificates II and Certificates III in Food Processing, and Certificate III in Customer Contact.	Fulfill current training plans that will enable a further 160 employees to complete these certificated courses within 18 months.
Some systems have been established for data collection in 2006.	Review overall sustainability strategy and targets for Ridley Corporation, including Corporate and Ridley Inc, which have not been included in the strategy to date.

BOARD OF DIRECTORS

1. JOHN S KENIRY AM

BSc PhD FTSE FRACI FAICD

Independent Chairman, Age 63
A director of the Company since 1990 and Chairman since March 1994, John formerly held executive positions with CSR Limited and Goodman Fielder Limited. He is presently Chairman of First Opportunity Fund Limited, the Australian Biodiesel Group Limited and a director of NSW EPA, as well as a number of other corporations and statutory bodies. He is a Past-President of the Australian Chamber of Commerce and Industry.

Other current listed company directorships
First Opportunity Fund Ltd from 1998
Mikoh Corporation Ltd from 1994
Biosignal Limited from 2004
Australian Biodiesel Group Limited from 2005

Former listed company directorships in the last three years
Latrobe Magnesium Ltd from 2003 to 2005

2. RICHARD J LEE

BEng (Chem) (Hons) MA (Oxon) FAICD

Independent Deputy Chairman, Age 56
A director since 2001, Rick is Chairman of Salmat and Inteq, a Director of CSR, Cash Services Australia and Australian Rugby Union and a member of Graincorp's Trading Risk Management Committee. He is also a member of the NSW Council of the Australian Institute of Company Directors. He was formerly Chief Executive of NM Rothschild Australia Group and prior to that spent 16 years in the CSR sugar division.

Other current listed company directorships
Salmat Limited from 2002
CSR Limited from 2005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3. ELIZABETH B BRYAN
BA MA (Econ) FAICD

Independent Non-Executive Director, Age 59
A director since 2001, Elizabeth has more than 20 years' executive experience in the financial services industry and on the boards of companies and statutory bodies. She is a director of Caltex Australia Limited, UniSuper Limited and Australasian Medical Insurance Limited. Elizabeth is President of the NSW Council of the Australian Institute of Company Directors and on the National Board of the Institute.

Other current listed company directorships
Caltex Australia Ltd from 2002

4. MATTHEW P BICKFORD-SMITH

Chief Executive Officer and Managing Director, Age 46
Matthew joined Ridley Corporation in November 2000. His previous responsibilities included overseeing the Man Group's interests in the Australian refined sugar industry, managing the Group's sugar businesses within the Asian region and working in soft commodities, particularly in proprietary trading, structured financing and marketing.

5. ROBERT J LOTZE
FCA MAICD

Independent Non-Executive Director, Age 65
A director since 1998, Robert is a former partner of Coopers & Lybrand and has a background in accounting, auditing, financial analysis and corporate governance. He is Chairman of the Audit Committee and a policy committee member of the Ridley Superannuation Plan.

6. ASSOCIATE PROFESSOR ANDREW L VIZARD
BVSc (Hons) MPVM

Independent Non-Executive Director, Age 48
A director since 2001, Andrew is a senior consultant and former director of the Mackinnon Project at the University of Melbourne. He is Chairman of Phosphagenics Ltd, a board member of the Zoological Parks and Gardens of Victoria, Animal Health Australia Ltd, Australian Poultry CRC and PrimeSafe, the statutory authority responsible for administering the Victorian Meat Industry Act and the Victorian Seafood Act. He also sits on scientific advisory boards for The Hermon Slade Foundations and is a trustee of the Australian Wool Education Trust.

Other current listed company directorships
Phosphagenics Limited from 1999

G P (PADDY) WATTS
BComm

Company Secretary, Age 48
Since joining Ridley in 1994 Paddy has held a number of senior finance positions. He was appointed Company Secretary in April 2004.


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CORPORATE GOVERNANCE REPORT

RIDLEY CORPORATION AND THE BOARD ARE COMMITTED TO ACHIEVING THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE.

BOARD RESPONSIBILITIES

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 is responsible for appointing and reviewing the performance of the Managing Director. The Board has established an Audit Committee, a Remuneration and Nomination Committee and a Risk Review Committee to assist in the execution of its responsibilities. 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.

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

COMPOSITION OF THE BOARD

The names, profiles, qualifications and experience of the directors in office at the date of this statement are set out on pages 28 and 29.

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 an independent non-executive director.
- The Board will comprise a majority of independent non-executive directors. Currently, the only non-independent director is the Managing Director.

In November 2005, the Remuneration Committee was renamed the Remuneration and Nomination Committee and its role expanded to include responsibility for evaluating Board performance, recommending director nominations and reviewing the size and composition of the Board. Previously, the whole Board acted as a nomination committee.

REMUNERATION OF DIRECTORS

Non-executive directors' fees are determined by the full Board within the aggregate of $700,000 approved by the shareholders at the AGM in 2003. Non-executive directors are not entitled to share options, nor do they receive incentive payments. However, they may participate in the Employee Share Acquisition Plan by salary sacrifice of their fees. In accordance with current corporate governance guidance, the directors' retirement scheme was terminated at the October 2003 AGM. Directors' accrued entitlements at that date will be paid when they retire. Details of the remuneration of directors during the year are set out in the remuneration report.

BOARD MEETINGS

Board and committee agendas are structured throughout the year to review Company strategy and to give the Board a detailed overview of the performance and significant issues confronting each business unit and to identify major risk elements. The number of meetings held and the attendance details are set out in the directors' report (page 46).

Directors receive detailed financial and operational reports from senior management during the year and management is available to discuss the reports and business issues with the Board. The Board 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 relating to their duties and obligations as directors at the Company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

REMUNERATION AND NOMINATION COMMITTEE

The role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, Employee Share Scheme, Employee Share Acquisition Plan, incentive performance packages, superannuation entitlements, retirement and termination entitlements and fringe benefits policies.

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

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

Effective November 2005, all members of the committee must be independent non-executive directors. Prior to November 2005, the Managing Director was a member of the Remuneration Committee.

The members of the Remuneration and Nomination Committee during the year were:

J S Keniry Independent – Chairman

E B Bryan Independent Director (appointed 28 November 2005)

R J Lee Independent Director

M P Bickford-Smith Managing Director (resigned 28 November 2005).

Details of the Remuneration and Nomination Committee members' experience and technical expertise are set out in the directors' biographies on pages 28 and 29.

AUDIT COMMITTEE

Board policy states that all members of the Audit Committee must be independent 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 auditor.

The committee makes recommendations to the Board on the appointment and remuneration of the external auditors, including an annual review of its work and performance. The current auditor of the Company is PricewaterhouseCoopers. Details of the amounts paid for audit and other services are set out in note 25 of the Financial Report. The committee meets with the external auditor four times a year to discuss matters relevant to its terms of engagement and review any significant disagreements between management and the auditor. In addition, the committee meets with the auditor at least annually without the presence of management.

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

The committee is responsible for the Australian independent whistleblower service that is available to employees.

The committee is responsible for the internal audit program of the Company, which is carried out by Ernst & Young in Australia and is totally independent of the external audit function, though it is designed to complement it. The committee sets and agrees the internal audit program, receives and reviews all internal audit reports and meets with the internal auditor twice a year.

The committee also gives the Board 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 Independent Director – Chairman

E B Bryan Independent Director

R J Lee Independent Director.

Details of the Audit Committee members' experience and technical expertise are set out in the directors' biographies on pages 28 and 29.

RISK REVIEW COMMITTEE

The Risk Review Committee was formed to undertake an ongoing, high level and wide ranging review of the major risk factors facing Ridley as a business and to ensure that responsibility for addressing and mitigating the potential impact of such risks was appropriately assigned and actioned.

The committee meets quarterly and as required.

The key responsibilities of the Risk Review Committee are to:

- ensure major business risks are identified and managed appropriately
- review and recommend for approval the annual risk management plan
- enhance the understanding and management of risk in Ridley.

The members of the Risk Review Committee during the year were:

A L Vizard Independent Director – Chairman

M P Bickford-Smith Managing Director

I Wilton Chief Financial Officer.

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, environmental, 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 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 Code of Conduct for directors and employees. During the year, the Code of Conduct was reviewed and expanded. A copy is available on the Ridley website www.ridley.com.au

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

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

SECURITIES TRADING

Effective August 2006, all directors and officers are prohibited from buying or selling Ridley securities other than in the one month commencing two days after the annual general meeting and the announcement by the Company of its full year and half year results and any time the individual is in possession of price sensitive information. Previously directors and officers were prohibited from buying or selling Ridley securities from the last day in each financial year and half year until two days after the release to the Australian Stock Exchange (ASX) announcement of the full year and half year results. A copy of the securities trading policy is available on the Ridley website www.ridley.com.au

HEDGING OF RIDLEY SECURITIES

Effective August 2006, directors and senior executives are not permitted to hedge their exposure to Ridley securities.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

Ridley makes timely and balanced disclosures of all material matters regarding the Company. All price sensitive information disclosed to the ASX is posted on the Company's website www.ridley.com.au as soon as it is disclosed to the ASX. Presentation material used in analysts' briefings is released to the ASX and posted on the Company's website.

All shareholders receive a copy, unless requested otherwise, of the Company's annual and half year reports, as well as the Chairman's address at the AGM. The website contains the past five years' annual reports and press releases.

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

CORPORATE REPORTING

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

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

The basis for the Integrity of the Financial Accounts Declaration is a comparison of Ridley's risk management framework with the recommendations of the report Internal Control – Integrated Framework Organisations (COSO) of the Treadway Commission. Ernst & Young prepared this comparison for Ridley in August 2004.

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

REMUNERATION REPORT

THIS REPORT FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006. ALL DISCLOSURES REQUIRED BY AASB 124 RELATED PARTIES HAVE BEEN AUDITED.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee (the "Committee"), consisting of three independent non-executive directors, 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. The Committee is also responsible for evaluating the Board's performance, reviewing Board size and composition, criteria for membership and candidates to fill vacancies.

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

Prior to November 2005, the Committee was named the Remuneration Committee and consisted of two independent non-executive directors and the Managing Director.

REMUNERATION OF DIRECTORS AND EXECUTIVES

Principles used to determine the nature and amount of remuneration

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

Executive remuneration is structured to align reward with the achievement of annual objectives, successful business strategy implementation and shareholder returns.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current year. Since 2001, the consolidated entity's profit from ordinary activities after income tax and significant items has grown by 129%. Shareholder wealth has grown by 124% since 2001. Shareholder wealth is defined as dividends paid and the increase in share price. Since 2002, when the current remuneration structure was fully implemented, incentive payments have fluctuated in line with business performance.

Non-executive directors

Directors' fees

Directors' fees were last reviewed with effect from 1 November 2003. The Chairman's remuneration is inclusive of committee fees while the Chairman of the Audit Committee and non-executive directors who sit on more than one committee receive additional fees.

The Chairman is also provided with an office at the Sydney Corporate Office and secretarial support.

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

Retirement allowances for directors

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

Executives

The executive pay and reward framework has three components:

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

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

BASE PAY AND BENEFITS

Australian executives receive a total employment cost package, which may be delivered as a mix of cash and prescribed non-financial benefits including superannuation, at the executive's discretion. North American executives are paid a base salary plus benefits including motor vehicle, pension and health benefits.

External consultants provide analysis and advice to ensure base pay and benefits are set to reflect the market for a comparable role. Base pay for senior executives is reviewed periodically to ensure the executive's pay is competitive with the market. An executive's pay may also be reviewed on promotion.

Ridley Corporation Limited and its controlled entities participate in a number of superannuation and pension funds in Australia and North America. The funds provide benefits either on a defined benefit or defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement.

SHORT-TERM INCENTIVES

Executives are eligible for short-term incentive (STI) payments based on two components, being the financial performance and individual key performance indicators (KPIs). The STI is payable in cash after the release of the full year financial results.

Each year, appropriate financial targets and KPIs are set to link the STI plan to the priorities of the Company. This includes setting any target and maximum payout under the STI plan, and minimum levels of performance to trigger payment of an STI.

The financial performance component of the STI is earned based on the performance against profit targets set at the commencement of the year. Profit was selected as the appropriate performance measure for the financial performance component of the STI, as profit is the key indicator of the success of the Company over the short term.

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

For the year ended 30 June 2006, the KPIs were based on group, individual business unit and personal objectives. The KPIs required performance in reducing operating costs and achieving specific targets in relation to return on assets as well as other key, strategic non-financial measures, such as safety of operations.

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

LONG-TERM INCENTIVES

In the financial year ended 30 June 2006, executives' and employees' long-term incentives were by participation in the Ridley Corporation Incentive Option Plan, the Ridley Inc Long Term Incentive Program, Ridley Employee Share Scheme and one-off retention plans. These long-term incentive programs align the interests of executives more closely with those of Ridley shareholders and reward sustained superior performance. In addition to the above plans, there remained outstanding awards under the legacy Ridley Inc Stock Option Plan. No grants were made under this legacy plan during the year.

Following a review of the Ridley Corporation Incentive Option Plan (discussed further below), this plan will be replaced by the new Ridley Corporation Long-Term Incentive Plan. No further grants will be made under the Ridley Corporation Incentive Option Plan.

Directors and senior executives are not permitted to enter into any transaction that is designed or intended to hedge their exposure to Ridley securities. This policy was introduced in August 2006.

CURRENT LONG-TERM INCENTIVE PLANS

Ridley Corporation Incentive Option Plan

The Ridley Corporation Incentive Option Plan was approved by shareholders at the 1993 Annual General Meeting, amended at the 1996 Annual General Meeting, and subsequently amended by the Board in January 2002. Under the Incentive Option Plan, certain employees and the Managing Director of the consolidated entity were offered a number of options, each of which represented a right to acquire one fully paid ordinary share in the capital of the Company for an exercise price determined at grant. The purpose of the Incentive Option Plan was to advance the interests of the Company by affording such persons the opportunity of benefiting from increases in shareholder value, thereby more closely aligning their interests with those of shareholders. Options were granted under the plan for no consideration.

Offers made under the plan are subject to certain performance criteria being satisfied as set out below. 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 year 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 for options issued from February 2002 onwards is the weighted average price over the five trading days on the ASX prior to the date of grant, multiplied by 5% annual compound growth at the second, third and fourth anniversary of the date of issue. The movement in the share price constitutes the performance criterion for these options to be exercised. The performance criterion was designed to focus executives on growing the share price and delivering value to shareholders.

If Ridley is subject to a change of control during the applicable vesting period, the options will vest to participants at that time and can be exercised.

If a participant ceases employment due to retirement, redundancy, death or permanent disability or sale of a subsidiary, any outstanding options must be exercised within 12 months. If due to resignation or dismissal, options must be exercised within one month.

During the year ended 30 June 2006 1,200,000 (2005: 225,000) ordinary shares were issued on the exercise of options granted under the plan for $813,000 (2005: $192,000). The market value of shares issued during the year was $1,599,000 (2005: $315,000).

No further grants will be made under this plan. The plan will be replaced by the Ridley Corporation Long-Term Incentive Plan discussed on the following page.

Ridley Inc Long Term Incentive Program

Effective 1 July 2003, Ridley Inc adopted an incentive plan for certain eligible executives known as the Ridley Inc Long Term Incentive Program (the "Program"). The purpose of the Program is to advance the long-term interests of Ridley Inc by attracting and retaining key employees and by stimulating the efforts of such employees to contribute to the continued long-term success and growth of the business.

The President and Chief Executive Officer of Ridley Inc is responsible, in his sole discretion, for selecting those executives and employees eligible to participate in the Program and for administering the Program and determining payments.

Effective 15 September 2005, the Program was amended. Performance units are awarded to the executives annually. The performance units are valued at the end of each fiscal year based on the most recent three-year average return on funds employed (other than the 2006 performance units, which are valued on the fiscal year 2006 return on funds employed, and the 2007 performance units, which will be valued on the fiscal year 2006 and the fiscal year 2007 average return on funds employed). Ridley Inc will redeem performance units three years after their issuance based on such value for cash, subject to certain conditions, such as continuous employment through the Program term, provided a threshold return on funds employed is reached. There was no value attributed to the 2006 performance units.

A participant will be entitled to a pro rata incentive payment should their employment be terminated prior to the date payment is made by reason of death, retirement or disability or if their employment is involuntarily terminated by reason of a redundancy.

Ridley Employee Share Scheme

At the 1999 Annual General Meeting, shareholders approved the introduction of the Ridley Employee Share Scheme. Under the scheme, shares are offered to all permanent Australian employees with a minimum of 12 months' service, at a discount of up to 50%, financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000 annually in accordance with relevant Australian taxation legislation. Dividends on the shares are allocated against the loan. The amount of the discount and number of shares allocated is at the discretion of the directors. The purpose of the scheme is to align employee and shareholder interests. 545,444 (2005: 558,540) shares were issued under this scheme during the year for $360,000 (2005: $428,000). The market value of the shares issued was $698,000 (2005: $810,000). The total loan amount outstanding at 30 June 2006 was $1,233,000 (2005: $1,094,000).

Retention payments

In light of the Canadian legal claims, the Board determined there is a heightened need for consistency and continuity of senior management. To facilitate retention, the Managing Director and the Chief Financial Officer are each entitled to receive two payments equal to 50% of base pay if they remain employed by Ridley on 1 June 2007 and 1 June 2009 respectively.

LONG-TERM INCENTIVE PLAN TO BE IMPLEMENTED IN FINANCIAL YEAR ENDING 30 JUNE 2007

Ridley Corporation Long-Term Incentive Plan

During the financial year ended 30 June 2006, a review of the Ridley Corporation Incentive Option Plan was undertaken. The plan was reviewed with respect to commercial need, motivational impact on executives, market practice and corporate governance considerations. The review found that the current plan no longer met the commercial needs of the business nor was in line with current and emerging market practice. The Company resolved to replace the plan with the new Ridley Corporation Long-Term Incentive Plan.

The purpose of the new Ridley Corporation Long-Term Incentive Plan is to provide long-term awards that are linked to shareholder returns.

Under the Ridley Corporation Long-Term Incentive Plan, selected Australian-based executives and the Managing Director may be offered a number of performance rights (“right”). Each right provides the entitlement to acquire one Ridley share at nil cost.

Rights vest subject to Total Shareholder Return (TSR) performance relative to the companies in the ASX 100 to 300 (defined at the date of grant). TSR was selected as the performance measure for the plan due to its alignment with the value created for shareholders. Performance is measured over the three-year period from the date of grant. Fifty percent (50%) vests if Ridley ranks at the 51st percentile, 100% vests if Ridley ranks at the 75th percentile or above. There is straight-line vesting between the 51st percentile and 75th percentile. The TSR of Ridley and the comparator companies is measured at the end of the performance period by an independent provider. Results are provided to the Committee for determination of vesting. To the extent that the performance criteria are met, the rights are automatically exercised to acquire shares. If the performance criteria are not satisfied, the rights lapse.

If Ridley is subject to a change of control during the vesting period, the rights will vest to participants at that time, subject to performance testing.

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

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

It is anticipated that the first grants under the new plan will be made in the 2007 financial year. It is intended that grants will then be made on an annual basis.

LEGACY PLANS

Ridley Inc Stock Option Plan

Under the Ridley Inc Stock Option Plan, options to purchase common shares of Ridley Inc could be granted to employees, directors and service providers of Ridley Inc and its controlled entities and affiliates. The purpose of the Ridley Inc Stock Option Plan was to advance the interests of Ridley Inc by providing participants 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 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 to grant. The exercise price of outstanding options under the plan was set a 15% premium to the market price at the time of issue. Options are exercisable over a maximum of 10 years with a minimum two year vesting period. If the options holder ceases to be an employee, director or service provider any vested options must be exercised within 30 days, except in the event of death, redundancy or retirement where the options must be exercised within one year.

During the year ended 30 June 2006, 52,000 shares (2005: 45,000) were issued on the exercise of options granted under the plan for $324,000 (2005: $295,000). The market value of the shares issued was $571,000 (2005: $505,000).

During the year, the plan was amended to provide option holders with a cash settlement alternative when exercising stock options. Under this amendment, option holders exercising options before the close of business on 30 November 2005 could elect to receive cash from Ridley Inc rather than acquiring shares and selling them on the open market. $75,000 was paid to settle 12,000 options during the year.

In August 2006, the plan was amended to provide option holders with a cash settlement alternative until the options expire on 6 November 2006.

The Ridley Inc Long Term Incentive Program has replaced this plan and no further grants will be made under this plan.

The following persons were the directors and executives with the greatest authority for the strategic direction and management of the consolidated entity ("key management personnel") during the financial year and include the five highest paid executives within the Group:

NAME	POSITION
2006	
DIRECTORS	
J S Keniry	Chairman
M P Bickford-Smith	Managing Director
E B Bryan	Director
R J Lee	Director
R J Lotze	Director
A L Vizard	Director
EXECUTIVES	
R E Frost	Executive Vice President – Ridley Inc and President – Ridley Nutrition Solutions
M S Mitchell	Chief Financial Officer – Ridley Inc
A D Murdoch	Chief Executive Officer – Ridley AgriProducts
J Murray*	Chief Executive Officer – Cheetham Salt
W J Poynton**	Chief Executive Officer – Cheetham Salt
S J VanRoekel	President and Chief Executive Officer – Ridley Inc
I Wilton	Chief Financial Officer – Ridley Corporation

* Commenced 8 December 2005.
** Ceased employment 16 December 2005.

NAME	POSITION
2005	
DIRECTORS	
J S Keniry	Chairman
M P Bickford-Smith	Managing Director
E B Bryan	Director
R J Lee	Director
R J Lotze	Director
D G McGauchie*	Director
A L Vizard	Director

* Resigned 11 October 2004.

NAME	POSITION
EXECUTIVES	
R E Frost	Executive Vice President – Ridley Inc and President – Ridley Nutrition Solutions
R B Gallaway*	Chief Executive Officer – Ridley Inc
M S Mitchell	Chief Financial Officer – Ridley Inc
A D Murdoch	Chief Executive Officer – Ridley AgriProducts
W J Poynton**	Chief Executive Officer – Cheetham Salt
S J VanRoekel	President and Chief Executive Officer – Ridley Inc
I Wilton	Chief Financial Officer – Ridley Corporation

* Ceased employment 31 August 2005.
** Ceased employment 16 December 2005.

Service agreements

Remuneration and other terms of employment for the Managing Director, and the Chief Executive Officer of Ridley Inc are formalised in service agreements. Each of these agreements provides for the provision of performance-related bonuses, and other benefits, and participation, when eligible, in the Ridley Corporation Incentive Option Plan, the Ridley Inc Stock Option Plan and the Ridley Inc Long Term Incentive Program. Other major provisions of the agreements relating to remuneration are set out below:

M P Bickford-Smith, Managing Director, Ridley Corporation Limited

- term of agreement – five years ending November 2007
- base remuneration, inclusive of superannuation, for the year ended 30 June 2006 of $552,426 to be reviewed annually by the Remuneration and Nomination Committee, with base salary increasing by the greater of the percentage increase in CPI and the amount agreed as a result of an independent review
- payment of termination benefit on early termination by the employer, other than for cause, of $1,000,000
- entitlement to 500,000 options under the Ridley Corporation Incentive Option Plan annually subject to shareholder approval
- incentive bonuses up to 100% of base salary based on the achievement of certain agreed KPIs as approved by the Board
- Mr Bickford-Smith will be entitled to receive two additional payments, each equal to 50% of base remuneration if he remains employed by Ridley on 1 June 2007 and again on 1 June 2009. If Mr Bickford-Smith resigns or has his employment terminated for cause prior to these dates, he will lose his entitlements to these payments. If his employment is terminated by Ridley, without cause, Mr Bickford-Smith will be entitled to these payments in full.

S J VanRoekel, President and Chief Executive Officer, Ridley Inc

- base salary US$290,000 per annum to be reviewed annually by the Ridley Inc Board of Directors
- agreement ends 30 June 2009
- incentive bonus of up to 75% of salary based on the achievement of certain agreed KPIs as approved by the Ridley Inc Board of Directors
- motor vehicle allowance, pension and medical benefits
- payment of termination benefits on early termination by the employer, other than for cause, of two years' salary.

I Wilton, Chief Financial Officer Ridley Corporation Limited

Mr Wilton does not have a service agreement, but will be entitled to receive two additional payments, each equal to 50% of base remuneration, if he remains employed by Ridley on 1 June 2007 and again on 1 June 2009. If Mr Wilton resigns or has his employment terminated for cause prior to these dates, he will lose his entitlements to the payments. If employment is terminated by Ridley, without cause, Mr Wilton will be entitled to these payments in full.

Other senior executives are not subject to service agreements and have no fixed term of employment.

DETAILS OF REMUNERATION

Details of the remuneration of each director of Ridley Corporation Limited and each of the other seven key management personnel of the consolidated entity, including their personally-related entities, are set out in the following tables.

Directors of Ridley Corporation Limited

2006	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
NAME	DIRECTORS' FEES AND CASH SALARY $	BONUS $	MOVEMENT IN LEAVE PROVISIONS+ $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
J S Keniry – Chairman	149,540	–	–	13,460	–	163,000
M P Bickford-Smith – Managing Director	552,426	355,000	3,138	–	122,833	1,033,397
E B Bryan	76,958	–	–	–	–	76,958
R J Lee	65,064		–	13,936	–	79,000
R J Lotze	77,064	–	–	6,936	–	84,000
A L Vizard	67,890	–	–	6,110	–	74,000

2005	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS	
NAME	DIRECTORS FEES AND CASH SALARY $	BONUS $	MOVEMENT IN LEAVE PROVISIONS+ $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
J S Keniry – Chairman	149,540	–	–	13,460	–	163,000
M P Bickford-Smith – Managing Director	540,534	432,427	27,546	–	121,167	1,121,674
E B Bryan	74,000	–	–		–	74,000
R J Lee	71,034	–	–	6,393	–	77,427
R J Lotze	77,064	–	–	6,936	–	84,000
D G McGauchie*	29,770	–	–	2,679	–	32,449
A L Vizard	67,890	–	–	6,110	–	74,000

* Resigned 11 October 2004.
+ Movement in annual leave and long service leave provisions.

Other key management personnel of the consolidated entity

2006	Short-term benefits					Other	Post-employment benefits	Share-based payments	
Name	Salary package $	Bonus $	Motor vehicle $	Movement in leave provisions+ $	Other $	Termination $	Pension $	Options $	Total $
R E Frost	290,960	93,949	6,112	–	25,060	–	36,238	–	452,319
M S Mitchell	263,250	116,414	8,433	–	24,096	–	35,529	–	447,722
A D Murdoch	395,134	159,650	–	18,274	999	–	–	–	574,057
J Murray*	225,806	60,000	–	12,588	–	–	–	–	298,394
W J Poynton**	159,183	–	–	–	–	472,046	–	–	631,229
S J VanRoekel	390,093	282,822	7,511	–	19,839	–	7,066	–	707,331
I Wilton	432,408	170,000	–	31,355	999	–	–	–	634,762

+ Movement in annual leave and long service leave provisions.
* Commenced 8 December 2005.
** Ceased employment 16 December 2005.

2005	Short-term benefits					Other	Post-employment benefits	Share-based payments	
Name	Salary package $	Bonus $	Motor vehicle $	Movement in leave provisions+ $	Other $	Termination $	Pension $	Options $	Total $
R E Frost	280,186	38,025	6,308	–	22,707	–	30,411	–	377,637
R B Gallaway*	441,636	88,325	8,845	–	23,655	–	53,449	–	615,910
M S Mitchell	253,502	38,025	8,874	–	23,271	–	30,121	–	353,793
A D Murdoch	379,313	149,613	–	23,896	999	–	–	–	553,821
W J Poynton**	380,223	50,000	–	(1,769)	999	–	–	–	429,453
S J VanRoekel	333,564	58,039	6,775	–	18,038	–	6,483	–	422,899
I Wilton	400,266	170,022	–	12,673	999	–	–	–	583,960

+ Movement in annual and long service provisions.
* Ceased employment 31 August 2005.
** Ceased employment 16 December 2005.

Executives of Ridley Corporation Limited

2006	Short-term benefits				Other	Share-based payments	
Name	Salary package $	Bonus $	Other benefits $	Movement in leave provisions+ $	Termination $	Options $	Total $
M D MacKay Business Development Manager	263,900	80,000	999	12,611	–	–	357,510
A D Murdoch CEO Ridley AgriProducts	395,134	159,650	999	18,274	–	–	574,057
W J Poynton* CEO Cheetham Salt	159,183	–	–	–	472,046	–	631,229
G P Watts GM Finance & Company Secretary	257,650	66,000	999	(7,924)	–	–	316,725
I Wilton Chief Financial Officer	432,408	170,000	999	31,355	–	–	634,762

+ Movement in annual and long service leave provisions.
* Ceased employment 16 December 2005.

The above table includes the five highest paid executives, excluding the Managing Director of Ridley Corporation Limited.

For each cash bonus and grant of options included in the above tables, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonuses or grants of options is payable in future years.

	CASH BONUS	
NAME	PAID %	FORFEITED %
R E Frost	31	69
M S Mitchell	80	20
A D Murdoch	79	21
J Murray*	45	55
S J VanRoekel	97	3
I Wilton	74	26

* Commenced 8 December 2005

Share-based compensation – options

The terms and conditions of each grant of options during the year to directors and other key management personnel in this reporting periods are as follows:

GRANT DATE	EXPIRY DATE	NUMBER	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	DATE EXERCISABLE
31 Oct 2005	31 Oct 2010	166,667	$1.51	$0.271	31 Oct 2007
31 Oct 2005	31 Oct 2010	166,667	$1.58	$0.246	31 Oct 2008
31 Oct 2005	31 Oct 2010	166,666	$1.66	$0.220	31 Oct 2009

Details of the operation and purpose of the option plan are set out in note 26 in the financial report.

EQUITY INSTRUMENT DISCLOSURES RELATING TO DIRECTORS AND EXECUTIVES

Options provided as remuneration

Details of options over ordinary shares in the Company provided as remuneration to each director of Ridley Corporation Limited and each of the other key management personnel of the consolidated entity are set out below. When exercisable, each option is convertible into one ordinary share of Ridley Corporation Limited.

NAME	A CURRENT YEAR REMUNERATION CONSISTING OF OPTIONS %	B VALUE AT GRANT DATE $	C VALUE AT EXERCISE DATE $	D VALUE AT LAPSE DATE $
M P Bickford-Smith	11.9	122,833	405,000	–
I Wilton	–	–	53,000	–

A = the percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.
B = the value at grant date of options granted during the year as part of remuneration calculated in accordance with AASB 2 Share-based Payment by Disclosing Entities.
C = the value at exercise date of options that were granted in prior years as part of remuneration and were exercised during the year.
D = the value at lapse date of options that were granted in prior years as part of remuneration and that lapsed during the year.

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR	NUMBER OF OPTIONS VESTED DURING THE YEAR
Directors of Ridley Corporation Limited		
M P Bickford-Smith	500,000	333,334
Other key management personnel of the consolidated entity		
I Wilton	–	266,666
W J Poynton*	–	149,999
A D Murdoch	–	199,999

* Ceased employment 16 December 2005.

Shares provided on exercise of options

Details of ordinary shares in the Company provided as a result of the exercise of options to each director of Ridley Corporation Limited and each of the other key management personnel of the consolidated entity are set out below:

NAME	EXERCISE PRICE OF OPTIONS	DATE OF EXERCISE OF OPTIONS	NUMBER OF ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR
Directors of Ridley Corporation Limited			
M P Bickford-Smith	0.59	16 Sep 2005	500,000
Other key management personnel of the consolidated entity			
I Wilton	0.72	16 Feb 2006	100,000

No amounts are unpaid on any shares issued on the exercise of options

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Ridley Corporation Limited and each of the other key management personnel of the consolidated entity, including their personally-related entities, are set out below:

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors of Ridley Corporation Limited					
M P Bickford-Smith	2,500,000	500,000	500,000	2,500,000	1,000,000
Other key management personnel of the consolidated entity					
I Wilton	900,000	–	100,000	800,000	400,000
W J Poynton*	700,000	–	–	700,000	483,333
A D Murdoch	600,000	–	–	600,000	283,332

* Ceased employment 16 December 2005.

No options are vested and unexercisable at the end of the year

Ridley Inc option holdings

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors of Ridley Corporation Limited						
J S Keniry	28,000	–	–	14,000	14,000	14,000
Other key management personnel of the consolidated entity						
S J VanRoekel	20,000	–	–	10,000	10,000	10,000
R E Frost	20,000	–	–	10,000	10,000	10,000
M S Mitchell	15,000	–	10,000	5,000	–	–

LOANS TO DIRECTORS AND EXECUTIVES

Aggregate of loans made to directors of Ridley Corporation Limited and the other key management personnel of the consolidated entity including their personally-related entities, are set out below:

2006	BALANCE AT THE START OF THE YEAR $	BALANCE AT THE END OF THE YEAR $	NUMBER IN GROUP AT THE END OF THE YEAR
Directors of Ridley Corporation Limited	Nil	Nil	Nil
Other key management personnel of the consolidated entity	12,405	5,279	2

2005	BALANCE AT THE START OF THE YEAR $	BALANCE AT THE END OF THE YEAR $	NUMBER IN GROUP AT THE END OF THE YEAR
Directors of Ridley Corporation Limited	Nil	Nil	Nil
Other key management personnel of the consolidated entity	9,760	12,405	4

The loans are interest-free and secured against shares issued under the Ridley Employee Share Scheme

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

The directors submit the income statements at 30 June 2006, balance sheets, statements of recognised income and expense 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

E B Bryan

R J Lee

R J Lotze

A L Vizard.

2. PRINCIPAL ACTIVITIES

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

3. RESULTS

	2006 $'000	2005 $'000
Profit from continuing operations before income tax expense	**45,571**	43,316
Income tax expense	**11,917**	(1,856)
Profit from continuing operations after income tax expense	**33,654**	45,172
Profit/(loss) from discontinued operations	**75**	(191)
Profit attributable to minority interest	**6,040**	5,012
Profit attributable to members of Ridley Corporation Limited	**27,689**	39,969

An increase in the deferred income tax benefit of $12,014,000 ($9,272,000 of which was recorded as a significant item) was recognised in the prior year from resetting tax values of certain assets in 100% Australian-owned entities that entered into the Australian tax consolidated group.

Comparative information for the year ended 30 June 2005 has been restated in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

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

is set out on pages 1 to 27 in the Annual Report.

5. DIVIDENDS

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

	2006 $'000	2005 $'000
Final dividend for the year ended 30 June 2005 of 3.25 cents (2004: 3.25 cents) per share paid on 7 October 2005	**8,894**	8,769
Interim dividend for the year ended 30 June 2006 of 3.50 cents (2005: 3.25 cents) per share paid on 31 March 2006	**9,703**	8,824
	18,597	17,593

Dividend franking amounts are disclosed in note 6 of the financial report.

In addition to the above, directors have declared a final dividend of 3.50 cents per share (50% franked) with $9,862,000 to be paid on 10 October 2006 out of retained profits at 30 June 2006.

6. ENVIRONMENTAL REGULATION

Ridley has environmental and risk management reporting processes, which provide senior management and the directors with monthly reports on environmental matters, including rectification actions for any issues as discovered. The directors are not aware of any environmental matters likely to have a material financial impact.

In accordance with its environmental procedures, Ridley monitors environmental compliance of all of its operations on an ongoing basis.

7. DIRECTORS' AND EXECUTIVES' REMUNERATION

Refer to remuneration report.

8. 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 – Incentive Option Plan	8,175,000	Various
Ridley Inc – Stock Option Plan	92,500	6 Nov 2006

No option holder has any right under the options to participate in any other share issue of the Company or of any other controlled entity. The entity will issue shares when the options are exercised.

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

9. INFORMATION ON DIRECTORS

The profile of the directors together with the particulars of shares and options held by directors in the Company are set out on pages 28, 29 and note 28 in the financial report.

10. MEETINGS OF DIRECTORS

DIRECTORS	BOARD		AUDIT COMMITTEE		REMUNERATION & NOMINATION COMMITTEE		RISK REVIEW COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	MEETINGS ATTENDED	MEETINGS HELD WHILE A MEMBER	MEETINGS ATTENDED	MEETINGS HELD WHILE A MEMBER	MEETINGS ATTENDED	MEETINGS HELD WHILE A MEMBER	MEETINGS ATTENDED
J S Keniry	14	14	–	–	2	2	–	–
M P Bickford-Smith	14	14	–	–	1	1	3	3
E B Bryan	14	13	4	4	1	1	–	–
R J Lee	14	13	4	4	2	2	–	–
R J Lotze	14	14	4	4	–	–	–	–
A L Vizard	14	12	–	–	–	–	3	3

11. POST BALANCE DATE EVENTS

No matters or circumstances have arisen since 30 June 2006 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.

12. 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 to maintain insurance to cover the directors in relation to liabilities incurred while acting as a director of the Company or a subsidiary and costs involved in defending proceedings.

During the year, the Company paid a premium in respect of such insurance covering the following directors and secretary of Ridley Corporation Limited: J S Keniry, M P Bickford-Smith, E B Bryan, R J Lee, R J Lotze, A L Vizard and G P Watts.

13. NON-AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the year are set out on the following page.

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

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 50.

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

Tax compliance service	$731,861
Taxation and other advice on corporate restructuring	$260,000
Assurance-related services	$145,000

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 in Sydney this 21st day of August 2006 in accordance with a resolution of the directors.

J S KENIRY
DIRECTOR

R J LOTZE
DIRECTOR

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Ridley Corporation Limited for the year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ridley Corporation Limited and its controlled entities during the year.

S J BOURKE
PARTNER

PricewaterhouseCoopers

Sydney
21 August 2006

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
Sales revenue from continuing operations	2	**1,258,675**	1,153,099	**–**	–
Cost of sales		**1,079,380**	986,089	**–**	–
GROSS PROFIT		**179,295**	167,010	**–**	–
Other revenues from continuing operations	2	**4,224**	5,712	**37,688**	30,973
Other income	3	**2,152**	377	**520**	–
Other expenses from continuing operations					
Selling and distribution		**(59,198)**	(55,736)	**–**	–
General and administrative		**(65,618)**	(68,074)	**(10,290)**	(9,258)
Finance costs	4	**(15,169)**	(11,195)	**(11,695)**	(6,740)
Other		**(6,061)**	(857)	**(1,665)**	(763)
Share of net profits from associates	36	**5,946**	6,079	**–**	–
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE		**45,571**	43,316	**14,558**	14,212
Income tax expense/(benefit)	5	**11,917**	(1,856)	**237**	(9,556)
PROFIT FROM CONTINUING OPERATIONS AFTER INCOME TAX EXPENSE		**33,654**	45,172	**14,321**	23,768
Profit/(loss) from discontinued operations	34	**75**	(191)	**–**	–
PROFIT FOR THE YEAR		**33,729**	44,981	**14,321**	23,768
Profit attributable to minority interest		**6,040**	5,012	**–**	–
NET PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF RIDLEY CORPORATION LIMITED		**27,689**	39,969	**14,321**	23,768
Basic earnings per share from continuing operations	33	**10.0c**	14.8c		
Basic earnings per share	33	**10.0c**	14.7c		
Diluted earnings per share from continuing operations	33	**10.0c**	14.7c		
Diluted earnings per share	33	**10.0c**	14.7c		

The above income statements should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
CURRENT ASSETS					
Cash and cash equivalents	30(ii)	**7,400**	10,987	**3,210**	2
Receivables	7	**120,102**	109,023	**649**	2,192
Inventories	8	**128,293**	110,444	**–**	–
Other current assets	9	**176**	182	**–**	–
Derivative financial instruments	22	**621**	–	**393**	–
TOTAL CURRENT ASSETS		**256,592**	230,636	**4,252**	2,194
NON-CURRENT ASSETS					
Receivables	7	**2,719**	5,492	**273,875**	266,279
Investments accounted for using the equity method	36	**44,074**	44,083	**–**	–
Property, plant and equipment	10	**404,674**	370,938	**4,478**	4,263
Deferred tax assets	12	**–**	–	**366**	375
Intangible assets	11	**68,337**	62,621	**–**	4
Retirement benefit assets	26	**135**	–	**–**	–
Other non-current assets	9	**378**	2,222	**108,453**	109,348
TOTAL NON-CURRENT ASSETS		**520,317**	485,356	**387,172**	380,269
TOTAL ASSETS		**776,909**	715,992	**391,424**	382,463
CURRENT LIABILITIES					
Payables	13	**136,850**	131,653	**2,998**	2,312
Interest bearing liabilities	14	**6,125**	11,681	**–**	20,098
Current tax liabilities	15	**–**	2,551	**–**	795
Provisions	16	**13,370**	11,889	**515**	580
TOTAL CURRENT LIABILITIES		**156,345**	157,774	**3,513**	23,785
NON-CURRENT LIABILITIES					
Interest bearing liabilities	14	**172,737**	163,416	**144,500**	121,500
Deferred tax liabilities	15	**39,386**	27,648	**–**	–
Provisions	16	**2,180**	3,181	**654**	782
Retirement benefit obligations	26	**12,191**	12,544	**–**	–
TOTAL NON-CURRENT LIABILITIES		**226,494**	206,789	**145,154**	122,282
TOTAL LIABILITIES		**382,839**	364,563	**148,667**	146,067
NET ASSETS		**394,070**	351,429	**242,757**	236,396
EQUITY					
Contributed equity	17	**210,633**	201,009	**210,633**	201,009
Reserves	18	**85,938**	69,960	**16,395**	15,376
Retained profits	18	**41,626**	34,492	**15,729**	20,011
PARENT ENTITY INTEREST		**338,197**	305,461	**242,757**	236,396
Minority interest	19	**55,873**	45,968	–	–
TOTAL EQUITY		**394,070**	351,429	**242,757**	236,396

The above balance sheets should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY					
Adjustment on the adoption of new accounting standards for financial instruments (note 1)	18	**(457)**	–	**(89)**	–
Gain/(loss) on revaluation of land and buildings	18	**15,069**	(1,192)	**370**	–
Deferred tax recognised on revaluation of land and buildings		**(5,183)**	6,803	**(111)**	–
Actuarial losses on defined benefit superannuation and pension plans, net of tax	18	**(2,172)**	(2,440)	**–**	–
Exchange differences on translation of foreign operations	18	**10,000**	(11,319)	**–**	–
NET INCOME/(EXPENSE) RECOGNISED DIRECTLY IN EQUITY		**17,257**	(8,148)	**170**	–
PROFIT FOR THE YEAR	20	**33,729**	44,981	**14,321**	23,768
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		**50,986**	36,833	**14,491**	23,768
Total recognised income and expense for the year is attributable to:					
Ridley Corporation Limited		**41,081**	36,024	**14,491**	23,768
Minority interest		**9,905**	809	**–**	–
		50,986	36,833	**14,491**	23,768

The above statements of recognised income and expense should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**1,325,125**	1,189,108	**7,910**	5,321
Payments to suppliers and employees		**(1,271,873)**	(1,104,870)	**(11,416)**	(8,889)
Dividends received		**5,935**	6,035	**12,525**	10,600
Interest received		**1,074**	1,346	**20,055**	15,052
Interest and other costs of finance paid		**(13,445)**	(10,326)	**(11,191)**	(6,173)
Income taxes paid		**(7,280)**	(14,022)	**(1,032)**	(865)
NET CASH INFLOW FROM OPERATING ACTIVITIES	30(i)	**39,536**	67,271	**16,851**	15,046
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for acquisition of businesses and controlled entities net of cash acquired	34	**(10,154)**	(79,444)	**–**	–
Payments for property, plant and equipment		**(24,952)**	(22,460)	**(70)**	(3)
Payments for intangibles		**(1,302)**	(403)	**–**	–
Deferred expenditure		**(157)**	(8)	**–**	(8)
Proceeds from sale of non-current assets		**927**	2,527	**–**	–
Repayment of customer loans		**3,545**	2,972	**–**	–
Issue of customer loans		**(1,450)**	(921)	**–**	–
Loans to controlled entities		**–**	–	**(7,597)**	(70,974)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(33,543)**	(97,737)	**(7,667)**	(70,985)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares:					
Employee options exercised		**813**	193	**813**	193
Employee in-substance options		**79**	104	**79**	104
Ridley Inc employees' options exercised		**328**	292	**–**	–
Shares repurchased		**–**	(856)	**–**	(856)
Proceeds from borrowings		**152,385**	143,801	**128,500**	96,500
Repayment of borrowings		**(156,041)**	(100,798)	**(105,500)**	(50,000)
Dividends paid		**(9,770)**	(12,128)	**(9,770)**	(12,128)
Net cash inflow/(outflow) from financing activities		**(12,206)**	30,608	**14,122**	33,813
NET INCREASE/(DECREASE) IN CASH HELD		**(6,213)**	142	**23,306**	(22,126)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		**7,496**	7,900	**(20,096)**	2,030
EFFECTS OF EXCHANGE RATE VARIATIONS ON CASH		**239**	(546)	**–**	–
CASH AT THE END OF THE FINANCIAL YEAR	30(ii)	**1,522**	7,496	**3,210**	(20,096)
Non-cash financing and investing activities	31				

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Interpretations and the Corporations Act 2001.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Ridley Corporation Limited comply with International Financial Reporting Standards (IFRS).

APPLICATION OF AASB 1 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements are the first full year Ridley Corporation Limited financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements. Financial statements of Ridley Corporation Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differ in certain respects from AIFRS. When preparing Ridley Corporation Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005, and not restate comparative information for these standards. Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in note 38.

EARLY ADOPTION OF STANDARDS

The Group has elected to apply AASB 119 Employee Benefits (issued in December 2004). This includes applying the standard to the comparatives in accordance with AASB 1 First-time Adoption of AIFRS.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, including derivative instruments at fair value through profit or loss, and certain classes of property, plant and equipment.

PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ridley Corporation Limited the "parent entity" as at 30 June 2006 and the results of all subsidiaries for the year then ended. Ridley Corporation Limited and its subsidiaries together are referred to in this financial report as "the Group" or "the consolidated entity".

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

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

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

Minority interest in the results and equity of subsidiaries is shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the parent entity.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for at cost within the parent entity's financial statement and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes intangibles identified on acquisition.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PRINCIPLES OF CONSOLIDATION (CONTINUED)

(iii) Jointly controlled assets

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

SEGMENTAL REPORTING

The Group operates in a number of business and geographic segments. A segment is identified as a group of assets and operations engaged in providing products where the risks and returns are different to those of the other segments.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates and,
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

	2006	2005
One Australian dollar equivalent		
Balance Sheet (year-end rate)		
United States dollar	**0.7421**	0.7640
Canadian dollar	**0.8270**	0.9495
Income Statement (average rate)		
United States dollar	**0.7434**	0.7495
Canadian dollar	**0.8630**	0.9398

PROPERTY, PLANT AND EQUIPMENT

Land and buildings, and salt fields are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of land and buildings and salt fields are credited (net of tax) to the property, plant and equipment revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.
Land and salt fields are not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 40 years
- Plant and equipment 3–30 years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

TAX CONSOLIDATION

Ridley Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Ridley Corporation Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured using a stand alone taxpayer method of allocation as outlined in the Group's tax sharing agreement.

In addition to its own current and deferred tax amounts, Ridley Corporation Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group and settled through the intercompany accounts.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to, or distribution from, wholly-owned tax consolidated entities.

BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all acquisitions of assets, including business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, only after a reassessment of the identification and measurement of the net assets acquired.

Ridley Corporation Limited has taken the exemption available under AASB 1 to apply AASB 3 Business Combinations only to business combinations after 1 July 2004.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Financial instruments, mainly interest rate swaps, were not measured at basis value as at 30 June 2005.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve. At the date of transition, 1 July 2005, changes in the carrying amounts of derivatives are taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date. Details of adjustments recorded as at 1 July 2005 on adoption of AASB 132 and AASB 139 are set out in note 22.

From 1 July 2005

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

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

(i) Cash flow hedges

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

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

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

(ii) Derivatives that do not qualify for hedge accounting

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

FAIR VALUE ESTIMATION

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

INVESTMENTS AND OTHER FINANCIAL ASSETS

From 1 July 2004 to 30 June 2005

The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of loans and receivables that are measured at amortised cost, fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve. At the date of transition, 1 July 2005, changes to carrying amounts are taken to retained earnings or reserves.

From 1 July 2005

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date that are classified as non-current assets.

INTANGIBLE ASSETS

(i) Goodwill

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

(ii) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives being 15 years.

(iii) Software

The cost of system development including purchased software is deferred and amortised over the estimated useful life, being three to eight years.

IMPAIRMENT OF ASSETS

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

EMPLOYEE BENEFITS

(i) Defined benefit superannuation funds and pension plans

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

Expected future payments are discounted using market yields at the reporting date on national government bonds or corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to retained earnings via the statement of recognised income and expense.

Past service costs are recognised immediately in income, unless the changes are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

(ii) Defined contribution plans

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Health plans

A controlled entity provides health care benefits for eligible employees, retired employees and their covered dependants. The cost of providing these benefits is accrued over the period in which employees provide service to the date of their last eligibility for such benefits. The amount of the obligation is based on an independent actuarial valuation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS (CONTINUED)

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Ridley Corporation Incentive Option Plan, Ridley Employee Share Scheme, and the Ridley Inc Stock Option Plan.

For shares and options granted before 7 November 2002 and/or vested before 1 January 2005, no expense is recognised. The shares are recognised when the options are exercised and the proceeds received allocated to contributed equity.

The fair value of options granted after 7 November 2002 and vested after 1 January 2005 is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period during which the employees become unconditionally entitled to the options.

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

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

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

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

(vi) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (v) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(vii) Employee benefit on-costs

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

FINANCIAL INSTRUMENTS TRANSACTION COSTS

Prior to 1 July 2005, costs incurred in establishing finance facilities were deferred to future periods to the extent that future benefits were expected to arise. Deferred costs were amortised on a straight-line basis over the period of the expected benefit, being not more than six years. After 1 July 2005, these costs are reflected in the carrying value of the debt instrument and amortised over the term of the facilities.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are charged to expense as incurred, unless development costs relate to a project whose success is probable considering its commercial and technical feasibility and where such costs can be measured reliably, in which case such costs are recognised as intangible assets.

INVENTORIES

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

DIVIDENDS

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial period but not distributed at balance date.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Sales revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits at call and other short term, highly liquid investments with original maturities of less than three months which are readily convertible to cash and are subject to insignificant risk of changes in value, and bank overdrafts, which are included within borrowings in current liabilities in the balance sheet.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate, and is recognised in the income statement.

LEASED ASSETS

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

Finance leases are capitalised. A lease asset and liability are established at the lower of the fair value of the leased property and the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs. The lease asset is amortised over the shorter of the term of the lease and the life of the asset. Lease assets held at reporting date are being amortised over periods ranging from three to twenty years.

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

PAYABLES

These amounts represent goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured.

BORROWINGS

Borrowings are initially recognised at their fair value, which approximates to the present value of future cash flows associated with servicing the debt, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

CONTRIBUTED EQUITY

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

EARNINGS PER SHARE

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group has not made an assessment of the impact of these new standards and interpretations as yet. The new accounting standards and UIG interpretations are as follows:

AASB 7 Financial Instruments: Disclosures

AASB 121 The Effects of Changes in Forex Rates – Compiled version

AASB 132 Financial Instruments: Presentation – Compiled version

AASB 139 Financial Instruments – Recognition and Measurement – Compiled version

AASB 119 Employee Benefits: Accounting for Actuarial Gains and Losses and Group Plans

UIG 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

AASB 2005–6 Amendments to Australian Accounting Standards [AASB 3]: Business combinations involving entities under common control

AASB 2006–1 Amendments to Australian Accounting Standards [AASB 121]: Clarification regarding monetary items forming part of the net investment in a foreign operation

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group, that are believed to be reasonable under the circumstances.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy set out above. The recoverable amounts of cash generating units (CGUs) have been determined by value in use calculations. These calculations require the use of key assumptions that are disclosed in note 11.

(ii) Defined benefit superannuation and health plans

The Group has obligations for defined benefit superannuation and pension schemes and health plans. The value of the obligation is based on independent actuarial valuations for which the key assumptions have been stated in note 26.

(iii) Salt field valuations

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

ROUNDING OF AMOUNTS

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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
NOTE 2. REVENUE				
Revenue from continuing operations				
Sale of goods	**1,258,675**	1,153,099	**–**	–
Other revenue from continuing operations				
Interest	**1,302**	1,319	**19,818**	15,052
Rent received	**351**	229	**–**	–
Dividends received/receivable from related entities	**–**	–	**12,525**	10,600
Management fees – related entities	**–**	–	**5,306**	5,321
Other	**2,571**	4,164	**39**	–
	4,224	5,712	**37,688**	30,973
Revenue from discontinuing operations				
Livestock income – Increase in net market value of livestock	**–**	773	**–**	–
NOTE 3. OTHER INCOME				
Profit on sale of property, plant and equipment	**383**	377	**–**	–
Foreign exchange gains – net	**402**	–	**–**	–
Changes in the fair value of interest rate swaps	**1,367**	–	**520**	–
	2,152	377	**520**	–
NOTE 4. EXPENSES				
Profit before income tax is arrived at after charging the following items:				
Depreciation and amortisation				
Land and buildings	**3,273**	2,925	**15**	50
Plant and equipment	**17,478**	15,591	**140**	188
Leased assets	**133**	136	**–**	–
Software	**762**	662	**4**	12
Trademarks, patents and other rights	**164**	247	**–**	–
	21,810	19,561	**159**	250

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000

NOTE 4. EXPENSES (CONTINUED)

Finance costs				
Amortisation of borrowing costs	**911**	808	**456**	368
Interest expense	**14,258**	10,387	**11,239**	6,372
	15,169	11,195	**11,695**	6,740
Bad and doubtful debt expense/(benefit) – net	**(77)**	1,186	**–**	–
Foreign exchange losses – net	**–**	539	**–**	–
Employee costs	**154,895**	144,878	**5,749**	4,786
Operating lease expense	**8,542**	8,589	**327**	342
Research and development	**1,264**	1,736	**–**	–
Loss on disposal of property, plant and equipment	**613**	129	**–**	–
Canadian law suit costs (note 24)	**2,976**	1,110	**1,666**	477

NOTE 5. INCOME TAX

(A) INCOME TAX EXPENSE

Current tax	**7,031**	17,312	**801**	(8,891)
Deferred tax	**5,933**	(18,301)	**(102)**	(168)
Over provided in prior years	**(877)**	(507)	**(462)**	(497)
	12,087	(1,496)	**237**	(9,556)
Income tax expense is attributable to:				
Profit from continuing operations	**11,917**	(1,856)	**237**	(9,556)
Profit from discontinued operations	**170**	360	**–**	–
Aggregate income tax expense	**12,087**	(1,496)	**237**	(9,556)
Deferred income tax/(revenue) expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (note 12)	**2,305**	(5,532)	**(177)**	(265)
(Decrease)/increase in deferred tax liabilities (note 15)	**3,628**	(12,769)	**75**	97
	5,933	(18,301)	**(102)**	(168)

(B) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

Profit from continuing operations before income tax expense	**45,571**	43,316	**14,558**	14,212
Profit from discontinuing operations before income tax expense	**245**	169	**–**	–
	45,816	43,485	**14,558**	14,212
Prima facie tax payable at 30%	**13,745**	13,046	**4,367**	4,264
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	**–**	(81)	**–**	480
Rebatable dividends	**(5)**	–	**(3,757)**	(3,180)
Share of net profit of associates	**(1,784)**	(1,825)	**–**	–
Share-based payments	**82**	145	**120**	145
Non-deductible expenses	**116**	96	**7**	7
Capital gains not taxable	**–**	(300)	**–**	–
Over provision in prior year	**(877)**	(507)	**(462)**	(497)
Other	**(581)**	(182)	**(38)**	(128)
Tax losses not tax effected	**(95)**	214	**–**	–
Difference in overseas tax rates	**1,486**	(88)	**–**	–
Effect of entry into tax consolidation	**–**	(12,014)	**–**	(10,647)
Income tax expense	**12,087**	(1,496)	**237**	(9,556)

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	**5,743**	5,390	**111**	–

NOTE 5. INCOME TAX (CONTINUED)

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY (CONTINUED)

An increase in the future income tax benefit of $12,014,000 ($9,272,000 of which was recorded as a significant item) was recognised in the prior year from resetting tax values of certain assets in 100% Australian-owned entities that entered into the Australian tax consolidated group. The decision to reset these values was made in the prior year. The consolidated entity has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

TAX CONSOLIDATION

Ridley Corporation Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1.

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

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

The tax funding agreement was revised in the current reporting period to permit the entities in the tax consolidated group to apply the transitional provisions in UIG 1052 paragraph 65. Until 30 June 2005, it also required compensation for any deferred tax balances relating to timing differences that had to be recognised by Ridley Corporation Limited under the AGAAP version of UIG 1052 (UIG 52). For further information on transitional adjustments required as a result of the adoption of AIFRS, refer to the commentary in note 38 (e).

NOTE 6. DIVIDENDS

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
ORDINARY				
Final dividend paid on 7 October 2005 (27 October 2004) 50% franked – 3.25 (2005: 3.25 fully franked) cents per share	**8,894**	8,769	**8,894**	8,769
Interim dividend paid on 31 March 2006 (31 March 2005) 50% franked – 3.50 (2005: 3.25 unfranked) cents per share	**9,703**	8,824	**9,703**	8,824
Total dividends paid	**18,597**	17,593	**18,597**	17,593
DIVIDENDS NOT RECOGNISED AT YEAR-END				
In addition to the above dividends, since year-end the directors have approved payment of a final dividend of 3.50 cents, 50% franked (2005: 3.25 cents 50% franked) per fully paid share, payable on 10 October 2006 (2005: 7 October 2005) based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2006, but not recognised as a liability at year-end:	**9,862**	8,894	**9,862**	8,894
The proposed dividends will be franked out of existing franking credits calculated at 30% and out of franking credits arising from the payment of income tax in the year ending 30 June 2007 and from fully franked dividends receivable.				
The estimated amount that could be distributed as dividends and be franked at 30% out of existing franking credits and out of franking credits arising from the payment of income tax provided for in the financial statements and from dividends receivable after deducting franking credits applicable to proposed dividends at balance date:	**Nil**	Nil	**Nil**	Nil

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 7. RECEIVABLES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT				
Trade debtors	**108,335**	96,088	**–**	–
Less: Provision for doubtful debts	**(2,985)**	(3,669)	**–**	–
	105,350	92,419	**–**	–
Customer loans and advances[a]	**2,783**	3,242	**–**	–
Less: Provision for doubtful debts	**(18)**	(72)	**–**	–
	2,765	3,170	**–**	–
Prepayments	**2,264**	2,421	**47**	63
Other debtors	**9,723**	11,013	**602**	2,129
	120,102	109,023	**649**	2,192
NON-CURRENT				
Customer loans and advances[a]	**3,609**	7,805	**–**	–
Less: Provision for doubtful debts	**(1,094)**	(3,526)	**–**	–
	2,515	4,279	**–**	–
Other debtors	**204**	1,213	**–**	33
Amounts owing by related entities	**–**	–	**273,875**	266,246
	2,719	5,492	**273,875**	266,279

(a) In line with US and Canadian feed industry practice, controlled entities have entered into certain loans and collateral agreements with third parties to facilitate growth and strengthen long-term relationships with key customers. The loans generally bear interest at rates between 4.75% and 9.75%, with average terms of four years. The practice of granting such loans has been substantially curtailed in recent years. In 2006 the total new loans advanced was $1,450,000 (2005: $921,000) and repayments of existing loans totalled $3,545,000 (2005: $2,972,000).

NOTE 8. INVENTORIES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT				
Raw materials and stores – at cost	**67,142**	65,250	**–**	–
Work in progress – at cost	**13,518**	7,954	**–**	–
Finished goods – at cost	**47,633**	37,240	**–**	–
	128,293	110,444	**–**	–

NOTE 9. OTHER

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT				
Other	**176**	182	**–**	–
	176	182	**–**	–
NON-CURRENT				
Deferred expenditure	**217**	6,613	**–**	2,669
Less: Accumulated amortisation	**(20)**	(4,574)	**–**	(1,774)
	197	2,039	**–**	895
Shares in controlled entities – at cost	**–**	–	**7,274**	7,274
Shares in controlled entities – at deemed cost	**–**	–	**101,179**	101,179
Shares in other corporations	**181**	183	**–**	–
	181	183	**108,453**	108,453
	378	2,222	**108,453**	109,348

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
Land and buildings				
At cost	**7,892**	19,607	**70**	70
Less: Accumulated depreciation	**(55)**	(546)	**(30)**	(15)
At independent valuation 2006 (2005: 2003)	**135,929**	110,737	**4,300**	4,000
Less: Accumulated depreciation	**–**	(13,179)	**–**	(70)
Total land and buildings	**143,766**	116,619	**4,340**	3,985
Salt fields				
At cost	**36,512**	37,267	**–**	–
At independent valuation 2006 (2005: 2003)	**74,157**	76,500	**–**	–
Total salt fields	**110,669**	113,767	**–**	–
Plant and equipment				
At cost	**280,512**	251,791	**3,800**	3,415
Less: Accumulated depreciation	**(147,886)**	(129,686)	**(3,662)**	(3,137)
Plant and equipment under construction	**16,970**	17,757	**–**	–
Under finance lease	**1,116**	1,032	**–**	–
Less: Accumulated amortisation	**(473)**	(342)	**–**	–
Total plant and equipment	**150,239**	140,552	**138**	278
Summary				
Property, plant and equipment:				
At cost	**324,916**	308,665	**3,870**	3,485
Under finance lease	**1,116**	1,032	**–**	–
At independent valuation 2006 (2005: 2003)	**210,086**	187,237	**4,300**	4,000
Under construction	**16,970**	17,757	**–**	–
Less: Accumulated depreciation	**(148,414)**	(143,753)	**(3,692)**	(3,222)
	404,674	370,938	**4,478**	4,263

BASIS OF VALUATION

The basis of valuation of land and buildings, and salt fields is fair market value based on existing use. The independent valuation in 2006 was carried out by qualified valuers in Australia and North America.

RECONCILIATIONS

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

	CONSOLIDATED LAND AND BUILDINGS $'000	CONSOLIDATED PLANT AND EQUIPMENT $'000	CONSOLIDATED SALT FIELDS $'000	CONSOLIDATED TOTAL $'000	PARENT ENTITY LAND AND BUILDINGS $'000	PARENT ENTITY PLANT AND EQUIPMENT $'000	PARENT ENTITY TOTAL $'000
YEAR ENDED 30 JUNE 2005							
At 1 July 2004							
Cost or fair value	121,839	245,948	77,005	444,792	4,070	3,415	7,485
Accumulated depreciation	(10,850)	(114,547)	–	(125,397)	(35)	(2,949)	(2,984)
Carrying amount at 1 July	110,989	131,401	77,005	319,395	4,035	466	4,501
Acquisitions	13,326	12,461	36,512	62,299	–	–	–
Additions	2,023	19,821	250	22,094	–	–	–
Disposals	(2,295)	(361)	–	(2,656)	–	–	–
Transfer	451	(451)	–	–	–	–	–
Revaluation	(1,192)	–	–	(1,192)	–	–	–
Foreign currency exchange differences	(3,758)	(6,592)	–	(10,350)	–	–	–
Depreciation (note 4)	(2,925)	(15,727)	–	(18,652)	(50)	(188)	(238)
Carrying amount at 30 June	116,619	140,552	113,767	370,938	3,985	278	4,263

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATIONS (CONTINUED)
YEAR ENDED 30 JUNE 2006

	CONSOLIDATED				PARENT ENTITY		
	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	SALT FIELDS $'000	TOTAL $'000	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
At 30 June 2005							
Cost or fair value	130,343	270,580	113,767	514,690	4,070	3,415	**7,485**
Accumulated depreciation	(13,724)	(130,028)	–	(143,752)	(85)	(3,137)	**(3,222)**
Carrying amount at 1 July	116,619	140,552	113,767	370,938	3,985	278	**4,263**
Acquisitions	1,160	3,294	–	4,454	–	–	**–**
Additions	4,924	20,740	231	25,895	–	–	**–**
Disposals	(70)	(795)	–	(865)	–	–	**–**
Transfer	–	–	–	–	–	–	**–**
Revaluation	18,398	–	(3,329)	15,069	370	–	**370**
Foreign currency exchange differences	6,008	4,059	–	10,067	–	–	**–**
Depreciation (note 4)	(3,273)	(17,611)	–	(20,884)	(15)	(140)	**(155)**
Carrying amount at 30 June	143,766	150,239	110,669	404,674	4,340	138	**4,478**
At 30 June 2006							
Cost or fair value	143,822	298,598	110,669	553,089	4,370	3,800	**8,170**
Accumulated depreciation	(56)	(148,359)	–	(148,415)	(30)	(3,662)	**(3,692)**
Carrying amount at 30 June	**143,766**	**150,239**	**110,669**	**404,674**	**4,340**	**138**	**4,478**

NOTE 11. INTANGIBLE ASSETS

CONSOLIDATED	SOFTWARE $'000	GOODWILL $'000	PATENTS, TRADEMARKS AND OTHER RIGHTS $'000	TOTAL $'000
YEAR ENDED 30 JUNE 2005				
At 1 July 2004				
Cost	3,337	80,785	95	84,217
Accumulated amortisation	(2,287)	(30,463)	(17)	(32,767)
Carrying amount 1 July	1,050	50,322	78	51,450
Acquisitions/additions	763	9,564	5,432	15,759
Amortisation charge	(662)	–	(247)	(909)
Foreign currency exchange differences	–	(3,545)	(134)	(3,679)
Closing balance	1,151	56,341	5,129	62,621
At 30 June 2005				
Cost	3,987	85,231	5,387	94,605
Accumulated amortisation	(2,836)	(28,890)	(258)	(31,984)
Carrying amount at 30 June	1,151	56,341	5,129	62,621
YEAR ENDED 30 JUNE 2006				
Opening balance	1,151	56,341	5,129	**62,621**
Acquisitions/additions	734	3,429	–	**4,163**
Amortisation charge	(762)	–	(164)	**(926)**
Foreign currency exchange differences	19	2,307	153	**2,479**
Carrying amount at 30 June	1,142	62,077	5,118	**68,337**
At 30 June 2006				
Cost	4,740	90,967	5,540	**101,247**
Accumulated amortisation	(3,598)	(28,890)	(422)	**(32,910)**
Carrying amount at 30 June	**1,142**	**62,077**	**5,118**	**68,337**

PARENT ENTITY	2006 SOFTWARE $'000	2005 SOFTWARE $'000

NOTE 11. INTANGIBLE ASSETS (CONTINUED)

At 1 July		
Cost	**386**	386
Accumulated depreciation	**(382)**	(370)
Carrying amount at 1 July	**4**	16
Amortisation charge	**(4)**	(12)
Carrying amount at 30 June	**–**	4
At 30 June		
Cost	**386**	386
Accumulated amortisation	**(386)**	(382)
Carrying amount at 30 June	**–**	4

IMPAIRMENT TESTING FOR GOODWILL

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment as follows:

CONSOLIDATED	SALT $'000	AUSTRALIA FEED $'000	CANADA FEED $'000	US FEED $'000	US NUTRITION SOLUTIONS $'000	TOTAL $'000
2006	**5,017**	**10,898**	**11,764**	**11,329**	**23,069**	**62,077**
2005	4,523	9,311	11,459	10,101	20,947	56,341

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

(i) Cash flow forecasts are based on five-year business plans presented to the Board.

(ii) Forecast growth rates are based on management's expectations of future performances. The Group has adopted a zero growth rate for forecast cash flows after five years.

(iii) Discount rates used are the weighted average cost of capital (pre-tax) for the Group, risk adjusted where applicable for each business segment and country.

These assumptions have been used for the analysis of each CGU within the business segment.

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 12. DEFERRED TAX ASSETS

NON-CURRENT				
Deferred tax asset	**–**	–	**366**	375
	–	–	**366**	375

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000

NOTE 12. DEFERRED TAX ASSETS (CONTINUED)

THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
Amounts recognised in profit or loss				
Doubtful debts	**1,093**	1,809	**–**	–
Employee benefits	**5,415**	4,622	**691**	715
Retirement benefit obligations	**1,423**	3,038	**–**	–
Product liability	**78**	63	**–**	–
Finance leases	**117**	–	**–**	–
Rehabilitation	**129**	179	**–**	–
Other	**1,135**	517	**241**	40
Tax losses	**4,506**	5,380	**–**	–
	13,896	15,608	**932**	755
Amounts recognised directly in equity				
Retirement benefit obligations	**2,827**	1,523	**–**	–
	16,723	17,131	**932**	755
Set-off of deferred tax assets of parent entity pursuant to set-off provisions (note 15)	**(16,723)**	(17,131)	**(566)**	(380)
Net deferred tax asset	**–**	–	**366**	375
MOVEMENTS:				
Opening balance at 1 July	**17,131**	9,123	**755**	490
Foreign currency exchange differences	**554**	(751)	**–**	–
Credited/(charged) to the income statement	**(2,305)**	5,532	**177**	265
Credited/(charged) to equity	**(191)**	1,408	**–**	–
Charged to retained earnings	**1,495**	1,523	**–**	–
Acquisition of subsidiary	**39**	296	**–**	–
Closing balance at 30 June	**16,723**	17,131	**932**	755

Deferred tax assets include the benefit of tax losses in controlled entities of $4,506,000 (2005: $5,380,000). The deferred tax asset at 30 June 2006 in respect of tax losses not brought to account is nil (2005: $740,000).

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.

NOTE 13. PAYABLES

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
CURRENT				
Trade creditors and accruals	**136,850**	131,653	**2,998**	2,312
	136,850	131,653	**2,998**	2,312

NOTE 14. INTEREST BEARING LIABILITIES

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
CURRENT				
Secured				
Bank overdraft and loans (note 32)[(a)]	**5,878**	8,722	**–**	20,098
Lease liabilities	**247**	193	**–**	–
Unsecured				
Other loans	**–**	2,766	**–**	–
	6,125	11,681	**–**	20,098
NON-CURRENT				
Secured				
Bank loans (note 32)[(a)]	**170,490**	163,104	**144,500**	121,500
Unsecured loans	**2,120**	–	**–**	–
Lease liabilities	**127**	312	**–**	–
	172,737	163,416	**144,500**	121,500

(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 and loans are secured by a fixed and floating charge over certain assets of the consolidated entity.

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 15. TAX LIABILITIES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT				
Income tax	**–**	2,551	**–**	795
	–	2,551	**–**	795
NON-CURRENT				
Deferred income tax	**39,386**	27,648	**–**	–
	39,386	27,648	**–**	–
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:				
Amounts recognised in profit or loss				
Inventories	**432**	393	**–**	–
Intangibles and goodwill	**7,043**	5,441	**–**	–
Fair value of interest rate swaps	**118**	–	**118**	–
Other	**993**	917	**110**	163
Property, plant and equipment	**37,751**	33,899	**227**	217
	46,337	40,650	**455**	380
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	**9,772**	4,129	**111**	–
	56,109	44,779	**566**	380
Set-off of deferred tax liabilities of parent entity pursuant to set-off provisions (note 12)	**(16,723)**	(17,131)	**(566)**	(380)
Net deferred tax liabilities	**39,386**	27,648	**–**	–
MOVEMENTS:				
Opening balance at 1 July	**44,779**	60,758	**380**	283
Foreign currency exchange differences	**1,958**	(3,701)	**–**	–
Charged/(credited) to the income statement	**3,628**	(12,769)	**75**	97
Charged/(credited) to equity	**5,643**	491	**111**	–
Acquisition of subsidiary	**101**	–	**–**	–
Closing balance at 30 June	**56,109**	44,779	**566**	380

NOTE 16. PROVISIONS

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
CURRENT				
Employee entitlements (note 26)	**13,331**	11,684	**515**	580
Remediation	**39**	205	**–**	–
	13,370	11,889	**515**	580
NON-CURRENT				
Employee entitlements (note 26)	**1,712**	2,717	**576**	708
Remediation	**468**	464	**78**	74
	2,180	3,181	**654**	782

	CONSOLIDATED REMEDIATION $'000	PARENT ENTITY REMEDIATION $'000
Movements in each class of provision during the financial year, other than employee benefits, are as follows:		
CURRENT		
Balance 1 July	205	–
Provision used	(166)	–
Balance 30 June	39	–
NON-CURRENT		
Balance 1 July	464	74
Additional provision recognised	4	4
Balance 30 June	468	78

	PARENT ENTITY	
	2006	2005
	$'000	$'000
NOTE 17. CONTRIBUTED EQUITY		
Fully paid up capital – 281,763,824 (2005: 273,670,824) ordinary shares no par value	**210,633**	201,009

(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 $/SHARE	$'000
Jun 2004	Opening balance	269,646,724		196,194
Oct 2004	Dividend Reinvestment Plan	1,623,472	1.3317	2,162
Mar 2005	Dividend Reinvestment Plan	2,175,628	1.4807	3,222
Apr 2005	Employee Share Scheme**	558,540	–	95
	Shares repurchased	(558,540)	1.5326*	(856)
Various	Exercise of employee options	225,000	0.8555*	192
June 2005	**Balance**	**273,670,824**		**201,009**
Oct 2005	Dividend Reinvestment Plan	2,363,596	1.3864	3,276
Mar 2006	Dividend Reinvestment Plan	3,983,960	1.3641	5,435
Apr 2006	Employee Share Scheme**	545,444	–	100
Various	Exercise of employee options	1,200,000	0.6775*	813
June 2006	**Balance**	**281,763,824**		**210,633**

* Weighted average price.

** The Group's accounting policy is to treat these shares as "in-substance options". Accordingly the Group recognises an increase in share capital only when it receives cash consideration from an employee.

2,183,687 shares issued under the Ridley Employee Share Scheme have been accounted for as in-substance options as at 30 June 2006.

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of ordinary shares.

Details of the Company's option plan and share scheme are disclosed in note 26.

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

(b) At 30 June 2006, 8,175,000 (2005: 8,975,000) options were on issue. The options are exercisable at various dates up to 31 October 2010. Details of existing options are disclosed in note 26.

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 18. RESERVES AND RETAINED PROFITS

(A) RESERVES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Property, plant and equipment revaluation reserve	**56,814**	47,690	**14,181**	13,922
Share-based payments reserve	**2,214**	1,454	**2,214**	1,454
Capital reserve	**28,487**	28,487	**–**	–
Foreign currency translation reserve	**(1,577)**	(7,671)	**–**	–
	85,938	69,960	**16,395**	15,376
Movements:				
Property, plant and equipment revaluation reserve				
Balance at 1 July	**47,690**	42,080	**13,922**	13,922
Revaluation – gross (note 10)	**13,851**	(1,192)	**370**	–
Transfer to outside equity interests due to the issue of shares by a controlled entity	**(7)**	(1)	**–**	–
Deferred tax (note 12)	**(4,720)**	6,803	**(111)**	–
Balance at 30 June	**56,814**	47,690	**14,181**	13,922
Share-based payments reserve				
Balance at 1 July	**1,454**	501	**1,454**	501
Option expense	**760**	953	**760**	953
Balance at 30 June	**2,214**	1,454	**2,214**	1,454
Foreign currency translation reserve				
Balance at 1 July	**(7,671)**	–	**–**	–
Currency translation differences arising during the year	**6,082**	(7,704)	**–**	–
Transfer to outside equity interests due to the issue of shares by a controlled entity	**12**	33	**–**	–
Balance at 30 June	**(1,577)**	(7,671)	**–**	–

(B) RETAINED PROFITS

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Movements in retained profits were as follows:				
Balance at 1 July	**34,492**	14,052	**20,011**	13,745
Adjustment on adoption of AASB 132 and 139 – net of tax (note 22)	**(343)**	–	**(89)**	–
Actuarial losses on defined benefit superannuation and pension plans – net of tax	**(1,478)**	(1,852)	**–**	–
Net profit for the year	**27,689**	39,969	**14,321**	23,768
Dividends paid	**(18,597)**	(17,593)	**(18,597)**	(17,593)
Less: Non cash dividends paid on employee in-substance options	**99**	91	**99**	91
Transfer to outside equity interests due to the issue of shares by a controlled entity	**(236)**	(175)	**–**	–
Other	**–**	–	**(16)**	–
Balance at 30 June	**41,626**	34,492	**15,729**	20,011

(C) NATURE AND PURPOSE OF RESERVES

(i) Property, plant and equipment revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. 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.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(iii) Foreign currency translation reserve

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

(iv) Capital reserve

The reserve represents the excess over book value of the parent entity's interest in the net assets of Ridley Inc after it was partially floated on the Toronto Stock Exchange in 1997.

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000

NOTE 19. MINORITY INTEREST

Interest in:				
Share capital	**26,195**	25,932	**–**	–
Reserves	**128**	(4,241)	**–**	–
Retained profits	**29,550**	24,277	**–**	–
	55,873	45,968	**–**	–

NOTE 20. EQUITY

Total equity at the beginning of the financial year	**351,429**	326,474	**236,396**	224,363
Total changes in equity recognised in the income statement	**33,729**	44,981	**14,321**	23,768
Total changes recognised directly in equity	**17,257**	(8,148)	**170**	–
Transfer to minority interest due to the issue of shares by a controlled entity	**(232)**	(143)	**–**	–
Transactions with owners as owners				
Contributions of equity	**9,624**	4,815	**9,624**	4,815
Dividends paid	**(18,497)**	(17,503)	**(18,497)**	(17,503)
Employee share options	**760**	953	**760**	953
Other	**–**	–	**(17)**	–
Total equity at the end of the financial year	**394,070**	351,429	**242,757**	236,396

NOTE 21. FINANCIAL RISK MANAGEMENT

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

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

(A) MARKET RISK

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group operates internationally and is exposed to foreign exchange risk.

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

For segment reporting purposes, management designates contracts as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

(ii) Price risk

The Group is exposed to commodity price risk. A range of raw materials are purchased on a global and domestic basis. Approval levels and the forward purchasing of raw materials are monitored and restrictions are placed on the length and amount of forward purchases.

(iii) Fair value interest rate risk

Refer to (d) on the following page.

(B) CREDIT RISK

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

NOTE 21. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

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

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 50% to 85% of its borrowings in fixed rate instruments.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

NOTE 22. DERIVATIVE FINANCIAL INSTRUMENTS

(A) TRANSITION TO AASB 132 AND AASB 139

The Group has taken the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005. At the date of transition to these standards of 1 July 2005:

- For the Group a pre tax net adjustment of a $745,000 decrease in net assets was recognised, representing the measurement to the fair value of interest rate swaps, with the resulting loss of $745,000 charged against retained earnings.
- For the parent entity a pre tax net adjustment of a $127,000 decrease in net assets was recognised, representing the measurement to fair value of interest rate swaps, with the resulting loss of $127,000 charged against retained earnings.

(B) INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies.

(i) Interest rate swap contracts

At balance date, bank loans of the Group incur an average variable interest rate of 6.73% (2005: 6.12%). It is Group policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it effectively fixes the interest rate payable.

Swaps currently in place cover approximately 72% (2005: 82%) of the loan principal outstanding and are timed to expire when the interest is payable on the outstanding debt. The average fixed interest rate on the swaps, including margins, is 6.53% (2005: 6.12%).

At 30 June 2006, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2006 $'000	2005 $'000
Less than 1 year	**79,521**	66,858
1–2 years	**47,092**	39,999
2–3 years	**–**	35,680
	126,613	142,537

The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the date on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The fair value of interest rate swaps stated on the consolidated balance sheet as a net asset at 30 June 2006 was $621,000.

(ii) Forward exchange contracts

Forward foreign exchange contracts have been entered into in order to fix the cost of purchases and sales denominated in foreign currencies. The Group classifies forward foreign exchange contracts as cash flow hedges and measures them at fair value. If they do not qualify as cash flow hedges, they are charged to the income statement. At balance date $6,000 is payable by the Group.

At balance date, controlled entities have external contracts to hedge future purchases and sales denominated in foreign currencies and to hedge intercompany loans denominated in foreign currencies. The terms of the contracts are for less than one year. At 30 June 2006, the controlled entities have contracted to sell US$100,000 for A$134,000, JPY16,994,000 for A$200,000, buy NZ$188,000 for A$162,000 and US$124,000 for A$163,000 (2005: sell US$420,000 for A$553,000, NZ$1,800,000 for A$1,675,000, JPY17,082,000 for A$206,000, buy US$152,000 for A$201,000 and A$57,000 for JPY4,250,000).

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

NOTE 22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(C) CREDIT RISK EXPOSURES

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments. At balance date, $621,000 is receivable by the Group from interest rate swap contracts (2005: $745,000 payable).

(D) INTEREST RATE RISK EXPOSURES

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

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

2006	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE LESS THAN 1 YEAR $'000	FIXED INTEREST RATE 1 TO 2 YEARS $'000	FIXED INTEREST RATE 2 TO 3 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
Financial assets						
Cash assets	**4,169**	**–**	**–**	**–**	**3,231**	**7,400**
Receivables	**–**	**2,764**	**–**	**2,515**	**118,163**	**123,442**
	4,169	**2,764**	**–**	**2,515**	**121,394**	**130,842**
Weighted average interest rate	**2.40%**	**6.00%**	**–**	**6.00%**	**–**	**–**
Financial liabilities						
Loans and bank overdrafts	**178,488**	**–**	**–**	**–**	**–**	**178,488**
Trade and other payables	**–**	**–**	**–**	**–**	**136,850**	**136,850**
Lease liabilities	**–**	**247**	**74**	**53**	**–**	**374**
Interest rate swaps*	**(126,613)**	**79,521**	**47,092**	**–**	**–**	**–**
	51,875	**79,768**	**47,166**	**53**	**136,850**	**315,712**
Weighted average interest rate	**7.19%**	**6.58%**	**6.45%**	**6.00%**	**–**	**–**
Net financial assets/(liabilities)	**(47,706)**	**(77,004)**	**(47,166)**	**2,462**	**(15,456)**	**(184,870)**

* Notional principal amounts.

2005	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE LESS THAN 1 YEAR $'000	FIXED INTEREST RATE 1 TO 2 YEARS $'000	FIXED INTEREST RATE 2 TO 3 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
Financial assets						
Cash assets	10,965	–	–	–	22	10,987
Receivables	–	3,170	4,279	–	107,066	114,515
	10,965	3,170	4,279	–	107,088	125,502
Weighted average interest rate	4.39%	6.00%	6.00%	6.00%	–	–
Financial liabilities						
Loans and bank overdrafts	174,592	–	–	–	–	174,592
Trade and other payables	–	–	–	–	131,653	131,653
Lease liabilities	–	193	312	–	–	505
Interest rate swaps*	(142,537)	56,178	50,679	35,680	–	–
	32,055	56,371	50,991	35,680	131,653	306,750
Weighted average interest rate	6.12%	5.77%	6.84%	6.35%	–	–
Net financial assets/(liabilities)	(21,090)	(53,201)	(46,712)	(35,680)	(24,565)	(181,248)

* Notional principal amounts.

NOTE 22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(E) NET FAIR VALUE

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

The fair value of forward exchange contracts is estimated using listed market prices or by discounting the contractual cash flows at their forward price and deducting the current spot rate. For interest rate swaps, discounted cash flow techniques are used. These are checked back to counterparty valuation confirmations.

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.

	2006		2005	
	CARRYING AMOUNT $'000	**FAIR VALUE $'000**	CARRYING AMOUNT $'000	FAIR VALUE $'000
On balance sheet financial instruments				
Financial assets				
Cash and deposits	**7,400**	**7,400**	10,987	10,987
Trade debtors	**105,350**	**105,350**	92,419	92,419
Other debtors	**17,471**	**17,471**	22,096	22,096
Other financial assets	**181**	**181**	183	183
Interest rate swaps	**621**	**621**	–	–
Forward exchange contracts	**6**	**6**	–	–
Financial liabilities				
Trade and other creditors	**136,850**	**136,850**	131,653	131,653
Loans and bank overdrafts	**178,488**	**178,488**	174,592	174,592
Lease liabilities	**374**	**374**	505	505
Interest rate swaps*	**–**	**–**	–	745

* Under previous AGAAP standards.

	CONSOLIDATED		**PARENT ENTITY**	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000

NOTE 23. COMMITMENTS FOR EXPENDITURE

Capital expenditure contracted for plant and equipment not later than one year	**16,579**	15,667	**–**	–
Commitments for non-cancellable operating leases:				
Due within 1 year	**7,337**	6,334	**385**	377
Due within 1–2 years	**5,385**	4,109	**364**	76
Due within 2–5 years	**6,187**	4,797	**289**	89
Due after 5 years	**5,388**	3,606	**–**	–
	24,297	18,846	**1,038**	542
Finance leases contracted for as follows:				
Due within 1 year	**262**	207	**–**	–
Due within 1–2 years	**79**	337	**–**	–
Due within 2–5 years	**56**	–	**–**	–
Minimum lease payments	**397**	544	**–**	–
Deduct: Future finance charges	**23**	39	**–**	–
Lease liabilities	**374**	505	**–**	–

NOTE 24. CONTINGENT LIABILITIES

LEGAL CLAIM

The Canadian law suits have been struck out or discontinued against Ridley Corporation Limited in all provinces.

The actions by proposed representative plaintiffs continue against Government of Canada and Ridley Inc, a 69% subsidiary of Ridley Corporation, in Alberta, Saskatchewan, Quebec and Ontario. They seek to certify class actions to include all Canadian cattle farmers who allegedly suffered damage as a result of the imposition of international bans on the import of Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta, Canada.

The proposed representative plaintiffs seek general, special, aggravated and punitive damages on behalf of themselves and each of the proposed Canadian cattle farmer class members. Full particulars of the claims are yet to be provided.

The actions in Ontario and Quebec are still at an early stage, and the actions in Saskatchewan and Alberta are in abeyance. There has been no decision made on the merits of the actions in any province, and the actions have not yet been certified or authorised to proceed to trial in any province.

In Ontario, appeals against different aspects of the decision refusing to strike out the claims against Ridley Inc and the Government of Canada are likely to be heard in the latter part of calendar year 2006 or early 2007. In Quebec, the authorisation hearing to determine if the action should go to a merits trial as a class action is expected to proceed in October 2006.

At this time Ridley Corporation cannot determine what impact, if any, these law suits against Ridley Inc may have on it, or its future earnings, and no provisions have been made in respect of the actions. Ridley Inc believes there is little prospect of any of its insurers responding favourably, and the lawsuits will continue to be funded from operating cash flow.

OTHER

The Group has guaranteed certain debts and obligations of various customers totalling $2,382,000 (2005: $2,481,000).

Secured guarantees by the parent entity in respect of bank borrowings and other related obligations of controlled entities were $31,930,000 (2005: $49,204,000). The guarantees are secured by a fixed and floating charge over certain assets of the consolidated entity.

A controlled entity guarantees 50% of an associate's bank debt to a maximum of $310,000 (2005: $310,000).

In 2002, a controlled entity divested a subsidiary. The purchaser of the subsidiary has commenced legal action in respect of certain warranty and indemnity claims. These claims are being defended. Any ultimate settlement of these claims is not expected to have a material financial impact.

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

NOTE 25. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2006	2005	**2006**	2005
	$	$	**$**	$
Amounts received or due and receivable by the auditors for:				
a) Auditing and review of financial reports				
PricewaterhouseCoopers – Australian firm	**559,000**	501,000	**240,000**	231,000
PricewaterhouseCoopers – related practices	**363,196**	329,553	**–**	–
Other auditors	**7,277**	5,809	**–**	–
b) Taxation compliance				
PricewaterhouseCoopers – Australian firm	**488,117**	117,325	**356,117**	72,325
PricewaterhouseCoopers – related practices	**243,744**	191,730	**–**	–
c) Other services				
PricewaterhouseCoopers – Australian firm				
AIFRS accounting services	**145,000**	–	**145,000**	–
Taxation and other advice on corporate restructuring	**124,000**	311,999	**124,000**	311,999
PricewaterhouseCoopers – related practices				
Taxation and other advice on corporate restructuring	**136,000**	389,988	**–**	–
	2,066,334	1,847,404	**865,117**	615,324

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 26. EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements including on-costs				
Current (note 16)	**13,331**	11,684	**515**	580
Non-current (note 16)	**1,712**	2,717	**576**	708
	15,043	14,401	**1,091**	1,288

EQUITY PLANS

(i) Incentive Option Plan

The Ridley Corporation Incentive Option Plan was approved by shareholders at the 1993 Annual General Meeting, amended at the 1996 Annual General Meeting, and subsequently amended by the Board in January 2002. 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 advance the interests of the Company by affording such persons the opportunity of benefiting from increases in shareholder value, thereby more closely aligning their interests with those of shareholders. Options are granted under the plan for no consideration. 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 Group. The options are vested and can only be exercised after a minimum of two years from the date of grant, with certain minor exceptions. The exercise price is the weighted average price over the five trading days on the Australian Stock Exchange, prior to the date of grant, increased each anniversary of issue date by 5% compound.

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

Consolidated Group and parent entity 2006

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
1 Nov 2000*	1 Nov 2005	$0.59	500,000	–	500,000	–	–	–
12 Feb 2001*	12 Feb 2006	$0.79	200,000	–	200,000	–	–	–
9 Jul 2001*	9 Jul 2006	$0.72	500,000	–	500,000	–	–	–
27 Sep 2001*	26 Sep 2006	$0.89	250,000	–	–	–	250,000	250,000
29 Oct 2001*	29 Oct 2006	$0.96	500,000	–	–	–	500,000	500,000
26 Feb 2002*	26 Feb 2007	$1.33	250,000	–	–	–	250,000	250,000
26 Feb 2002*	26 Feb 2007	$1.40	300,000	–	–	50,000	250,000	250,000
26 Feb 2002*	26 Feb 2007	$1.47	300,000	–	–	50,000	250,000	250,000
28 Nov 2002*	28 Nov 2007	$1.50	166,667	–	–	–	166,667	166,667
28 Nov 2002	28 Nov 2007	$1.57	166,667	–	–	–	166,667	166,667
28 Nov 2002	28 Nov 2007	$1.65	166,666	–	–	–	166,666	–
6 Jan 2003	6 Jan 2008	$1.70	83,333	–	–	–	83,333	83,333
6 Jan 2003	6 Jan 2008	$1.79	83,333	–	–	–	83,333	83,333
6 Jan 2003	6 Jan 2008	$1.87	83,334	–	–	–	83,334	–
31 Jan 2003	31 Jan 2008	$1.63	658,338	–	–	–	658,338	658,338
31 Jan 2003	31 Jan 2008	$1.71	658,331	–	–	–	658,331	658,331
31 Jan 2003	31 Jan 2008	$1.80	658,331	–	–	–	658,331	–
27 Oct 2003	27 Oct 2008	$1.54	166,667	–	–	–	166,667	166,667
27 Oct 2003	27 Oct 2008	$1.61	166,667	–	–	–	166,667	–
27 Oct 2003	27 Oct 2008	$1.69	166,666	–	–	–	166,666	–
12 Jan 2004	12 Jan 2009	$1.36	816,663	–	–	–	816,663	816,663
12 Jan 2004	12 Jan 2009	$1.42	816,667	–	–	–	816,667	–
12 Jan 2004	12 Jan 2009	$1.50	816,670	–	–	–	816,670	–
25 Oct 2004	25 Oct 2009	$1.48	166,667	–	–	–	166,667	–
25 Oct 2004	25 Oct 2009	$1.56	166,667	–	–	–	166,667	–
25 Oct 2004	25 Oct 2009	$1.64	166,666	–	–	–	166,666	–
31 Oct 2005	31 Oct 2010	$1.51	–	166,667	–	–	166,667	–
31 Oct 2005	31 Oct 2010	$1.58	–	166,667	–	–	166,667	–
31 Oct 2005	31 Oct 2010	$1.66	–	166,666	–	–	166,666	–
			8,975,000	**500,000**	**1,200,000**	**100,000**	**8,175,000**	**4,299,999**
Weighted average exercise price			**$1.61**	**$1.58**	**$0.68**	**$1.40**	**$1.50**	**$1.42**

* Options granted before 7 November 2002 and vested before 1 January 2005 are not recognised as an expense.

NOTE 26. EMPLOYEE ENTITLEMENTS (CONTINUED)

EQUITY PLANS (CONTINUED)
Consolidated Group and parent entity 2005

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
1 Nov 2000*	1 Nov 2005	$0.59	500,000	–	–	–	500,000	500,000
12 Feb 2001*	12 Feb 2006	$0.79	200,000	–	–	–	200,000	200,000
9 Jul 2001*	9 Jul 2006	$0.72	675,000	–	175,000	–	500,000	500,000
27 Sep 2001*	26 Sep 2006	$0.89	250,000	–	–	–	250,000	250,000
29 Oct 2001*	29 Oct 2006	$0.96	500,000	–	–	–	500,000	500,000
26 Feb 2002*	26 Feb 2007	$1.33	466,667	–	50,000	166,667	250,000	250,000
26 Feb 2002*	26 Feb 2007	$1.40	466,667	–	–	166,667	300,000	300,000
26 Feb 2002*	26 Feb 2007	$1.47	466,666	–	–	166,666	300,000	–
28 Nov 2002*	28 Nov 2007	$1.50	166,667	–	–	–	166,667	166,667
28 Nov 2002	28 Nov 2007	$1.57	166,667	–	–	–	166,667	–
28 Nov 2002	28 Nov 2007	$1.65	166,666	–	–	–	166,666	–
6 Jan 2003	6 Jan 2008	$1.70	83,333	–	–	–	83,333	83,333
6 Jan 2003	6 Jan 2008	$1.79	83,333	–	–	–	83,333	–
6 Jan 2003	6 Jan 2008	$1.87	83,334	–	–	–	83,334	–
31 Jan 2003	31 Jan 2008	$1.63	775,006	–	–	116,668	658,338	658,338
31 Jan 2003	31 Jan 2008	$1.71	774,997	–	–	116,666	658,331	–
31 Jan 2003	31 Jan 2008	$1.80	774,997	–	–	116,666	658,331	–
27 Oct 2003	27 Oct 2008	$1.54	166,667	–	–	–	166,667	–
27 Oct 2003	27 Oct 2008	$1.61	166,667	–	–	–	166,667	–
27 Oct 2003	27 Oct 2008	$1.69	166,666	–	–	–	166,666	–
12 Jan 2004	12 Jan 2009	$1.36	849,996	–	–	33,333	816,663	–
12 Jan 2004	12 Jan 2009	$1.42	850,000	–	–	33,333	816,667	–
12 Jan 2004	12 Jan 2009	$1.50	850,004	–	–	33,334	816,670	–
25 Oct 2005	25 Oct 2009	$1.48	–	166,667	–	–	166,667	–
25 Oct 2005	25 Oct 2009	$1.56	–	166,667	–	–	166,667	–
25 Oct 2005	25 Oct 2009	$1.64	–	166,666	–	–	166,666	–
			9,650,000	500,000	225,000	950,000	8,975,000	3,408,338
Weighted average exercise price			$1.41	$1.56	$0.86	$1.52	$1.38	$1.11

* Options granted before 7 November 2002 and vested before 1 January 2005 are not recognised as an expense.

The share prices at the date of exercise of options exercised during the year ended 30 June 2006 were 500,000 at $1.40, 400,000 at $1.31 and 300,000 at $1.25 (2005: 175,000 at $1.37, 34,000 at $1.50 and 16,000 at $1.49).

The weighted average contractual life remaining of options outstanding at the end of the year is 1.98 years (2005: 2.70 years).

The assessed fair value at grant date of options during the year ended 30 June 2006 and 30 June 2005 are as follows:

2006 EXERCISE PRICE $	**2006** FAIR VALUE $	2005 EXERCISE PRICE $	2005 FAIR VALUE $
1.51	**0.271**	1.48	0.266
1.58	**0.246**	1.56	0.242
1.66	**0.220**	1.64	0.219

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

NOTE 26. EMPLOYEE ENTITLEMENTS (CONTINUED)

EQUITY PLANS (CONTINUED)

The model inputs for options granted during the year ended 30 June 2006 included:

	2006	2005
Grant date	**31 October 2005**	25 October 2004
Exercise prices	**$1.51, $1.58, $1.66**	$1.48, $1.56, $1.64
Expiry date	**31 October 2010**	25 October 2009
Share price at grant date	**$1.38**	$1.33
Expected price volatility of the Company's shares	**31%**	31%
Expected dividend yield	**5.58%**	4.89%
Risk-free interest rate	**5.41%**	5.18%

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

(ii) Ridley Employee Share Scheme

At the 1999 Annual General Meeting shareholders approved the introduction of the Ridley Employee Share Scheme. The purpose of the scheme is to align employee and shareholder interests. Under the scheme, shares are issued to qualifying Australian employees at a discount of up to 50%, which may be financed by an interest-free loan secured against the shares. The maximum discount per employee is limited to $1,000, in accordance with relevant Australian taxation legislation. Dividends on the shares are allocated against the loan. The amount of the discount and number of shares allocated is at the discretion of the directors. Shares issued under the scheme may not be sold until the earlier of three years after grant or cessation of employment from the Group. 545,444 (2005: 558,540) shares were issued under this scheme during the year for $360,000 (2005: $428,000). The market value of the shares issued was $698,000 (2005: $810,000). The total loan amount outstanding at 30 June 2006 was $1,233,000 (2005: $1,094,000).

(iii) Ridley Inc Stock Option Plan

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

Options granted under the plan 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 10 years. During the year ended 30 June, 2006 52,000 shares (2005: 45,000) were issued on the exercise of options granted under the plan for $280,000 (2005: $295,000). The market value of the shares issued was $493,000 (2005: $505,000).

This plan has been suspended and replaced by the Ridley Inc Long Term Incentive Program.

No options were granted under the plan during the year (2005: Nil). Options outstanding under the plan at balance date are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR*	CANCELLED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
2006								
1 Dec 1999	**1 Dec 2005**	**C$6.50**	**94,100**	**–**	**28,000**	**66,100**	**–**	**–**
6 Nov 2000	**6 Nov 2006**	**C$5.38**	**162,500**	**–**	**64,000**	**–**	**92,500**	**92,500**
			256,600	**–**	**92,000**	**66,100**	**92,500**	**92,500**
Weighted average exercise price			**C$5.79**	**–**	**C$5.72**	**C$6.50**	**C$5.38**	**C$5.38**

* This includes options that were also converted to cash.

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	CANCELLED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
2005								
3 Sep 1998	3 Sep 2004	C$10.65	127,500	–	–	127,500	–	–
1 Dec 1999	1 Dec 2005	C$6.50	125,600	–	31,500	–	94,100	94,100
6 Nov 2000	6 Nov 2006	C$5.38	176,000	–	13,500	–	162,500	162,500
			429,100	–	45,000	127,500	256,600	256,600
Weighted average exercise price			C$7.27	–	C$6.16	C$10.65	C$5.79	C$5.79

NOTE 26. EMPLOYEE ENTITLEMENTS (CONTINUED)

EQUITY PLANS (CONTINUED)

Total expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Options issued under employee option plan	**356**	484	**356**	484
Shares issued under employee share scheme	**404**	469	**404**	469
	760	953	**760**	953

SUPERANNUATION FUNDS

Ridley Corporation Limited and its controlled entities participate in a number of superannuation funds in Australia. The funds provide benefits either on a defined benefit or defined contribution basis for employees or their dependants on retirement, resignation, total and permanent disability, death and, in some cases, on temporary disablement.

The members and the Group make contributions as specified in the rules of the respective funds.

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

PENSION PLANS

A controlled entity has non-contributory defined benefit pension plans covering substantially all of its US employees. The benefits for salaried employees are based on years of service and the employees' level of compensation during specified periods of employment. The plan covering hourly employees generally provides benefits of stated amounts for each year of service. The controlled entity's funding policy is consistent with US statutory regulations and equals the amount deducted for income tax purposes. A controlled entity has a defined contribution pension plan for covering substantially all of its Canadian employees.

POST RETIREMENT HEALTH CARE BENEFITS

A controlled entity provides post retirement health care benefits for US employees. These benefits are supplemental to statutory provided health care benefits. Post retirement life insurance benefits are provided for a limited period of time. The costs of post retirement health care and life insurance benefits are determined under the per capita claims cost method. Under this method, the controlled entity's obligations are fully accrued by the date the employees attain full eligibility for such benefits. These plans are unfunded.

DEFINED BENEFIT PLANS

(i) Balance sheet amounts

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

	SUPERANNUATION PLANS AUSTRALIA		PENSION PLANS US		POST EMPLOYMENT MEDICAL BENEFITS* US	
CONSOLIDATED	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Present value of benefit obligation	**5,021**	6,227	**29,149**	25,947	**3,176**	4,774
Fair value of the benefit plan assets	**(5,156)**	(6,140)	**(23,627)**	(18,264)	**–**	–
	(135)	87	**5,522**	7,683	**3,176**	4,774
Unrecognised past service costs	**–**	–	–	–	**3,493**	–
Net liability/(asset) in the balance sheet	**(135)**	87	**5,522**	7,683	**6,669**	4,774

* Post employment medical benefits are unfunded.

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

NOTE 26. EMPLOYEE ENTITLEMENTS (CONTINUED)

DEFINED BENEFIT PLANS (CONTINUED)

(ii) Categories of plan assets

The major categories of plan assets are as follows:

CONSOLIDATED	SUPERANNUATION PLANS AUSTRALIA 2006	SUPERANNUATION PLANS AUSTRALIA 2005	PENSION PLANS US 2006	PENSION PLANS US 2005
Cash	**9%**	14%	**10%**	–
Equity instruments	**64%**	62%	**39%**	41%
Debt instruments	**20%**	17%	**51%**	59%
Property	**7%**	7%	**–**	–

Asset allocation as at 30 April 2006 for US pension plans and 30 June 2006 for the Australian superannuation plans.

(iii) Reconciliations

CONSOLIDATED	SUPERANNUATION PLANS AUSTRALIA 2006 $'000	SUPERANNUATION PLANS AUSTRALIA 2005 $'000	PENSION PLANS US 2006 $'000	PENSION PLANS US 2005 $'000	POST EMPLOYMENT MEDICAL BENEFITS* US 2006 $'000	POST EMPLOYMENT MEDICAL BENEFITS* US 2005 $'000
Reconciliation of the present value of the defined benefit obligation:						
Balance at the beginning of the year	**6,227**	5,895	**25,947**	23,094	**4,773**	4,592
Current service cost	**271**	201	**1,680**	1,444	**641**	478
Interest cost	**247**	284	**1,518**	1,364	**303**	271
Actuarial gains and losses	**289**	976	**(213)**	2,817	**2,954**	–
Effects of curtailment	**–**	–	**–**	–	**(5,496)**	–
Benefits paid	**(2,162)**	(1,261)	**(587)**	(406)	**(132)**	(104)
Past service cost	**–**	–	**44**	–	**–**	–
Contributions by plan participants	**149**	132	**–**	–	**–**	–
Foreign exchange movement	**–**	–	**760**	(2,366)	**133**	(464)
Balance at the end of the year	**5,021**	6,227	**29,149**	25,947	**3,176**	4,773
Reconciliation of the fair value of plan assets:						
Balance at the beginning of the year	**6,140**	6,364	**18,264**	16,519	**–**	–
Expected return on plan assets	**380**	407	**1,848**	1,472	**–**	–
Actuarial gains and losses	**384**	198	**(1,021)**	(368)	**–**	–
Employer contributions	**265**	300	**4,575**	2,735	**–**	–
Contributions by plan participants	**149**	132	**–**	–	**–**	–
Benefits paid	**(2,162)**	(1,261)	**(587)**	(406)	**–**	–
Foreign exchange movement	**–**	–	**548**	(1,688)	**–**	–
Balance at the end of the year	**5,156**	6,140	**23,627**	18,264	**–**	–

(iv) Amounts recognised in income statement

The amounts recognised in the income statement are as follows:

Current service cost	**271**	201	**1,680**	1,444	**641**	478
Interest cost	**247**	284	**1,518**	1,363	**303**	272
Expected return on plan assets	**(380)**	(407)	**(1,848)**	(1,472)		–
Past service cost	**–**	–	**42**	–	**(2,009)**	–
Total included in employee benefits expense	**138**	78	**1,392**	1,335	**(1,065)**	750
Actual return on plan assets	**764**	605	**827**	1,103	**–**	–

* Post employment medical benefits are unfunded.

NOTE 26. EMPLOYEE ENTITLEMENTS (CONTINUED)

DEFINED BENEFIT PLANS (CONTINUED)

(v) Principal actuarial assumptions

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

CONSOLIDATED	SUPERANNUATION PLANS AUSTRALIA 2006	2005	PENSION PLANS US 2006	2005	POST EMPLOYMENT MEDICAL BENEFITS* US 2006	2005
Discount rate	**4.90%**	4.30%	**6.00%**	5.75%	**6.00%**	6.50%
Future salary increases	**4.00%**	4.00%	**3.00%**	3.00%	**–**	–
Expected return on plan assets	**6.50%**	6.50%	**9.00%**	9.00%	**–**	–
Health care trend rate	**–**	–	**–**	–	**4.50%**	4.50%

(vi) Employer contributions

(a) Australian superannuation plans – defined benefit plan

Employer contributions to the plan are based on recommendations by the plan's actuaries. Actuarial assessments are made at no more than three yearly intervals, and the last such assessment was made as at 1 July 2005.

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

Using the funding method described above and particular actuarial assumptions as to the plan's future experience, the actuaries recommended in the actuarial review as at 1 July 2005, the payment of employer contributions to the fund of 10% of salaries for employees who are members of the defined benefit section. These contribution rates have been adopted by the Group from 31 December 2005 and represent a decrease of 5% of salaries in the Group's contributions from that previously used. Total employer contributions expected to be paid by Group companies for the year ending 30 June 2007 are $188,000. The economic assumptions used by the actuary to make the funding recommendations were a long-term investment earning rate, salary increases together with an age-related promotional scale, and an inflation rate.

(b) US pension plans

Employer contributions to the plans are based on recommendation by the plans' actuaries. Actuarial assessments are made annually, with the last assessment made as at 30 April 2006.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. The required annual funding is calculated by the actuary based on plan assets and accrued actuarial liability. Funding requirements for the year ending 30 June 2007 have not been calculated at present but are expected to be approximately $2,000,000.

(vii) Net financial position of Australian plan

In accordance with AAS 25 Financial Reporting by Superannuation Plans, the Australian plan's net financial position is determined as the difference between the present value of the accrued benefits and the net market value of plan assets. This has been determined as at the date of the most recent financial report of the superannuation fund (30 June 2005), and a surplus of $231,000 was reported. The surplus at 30 June 2005, under AAS 25, differs from the net liability of $87,000 recognised in the balance sheet as at 30 June 2006 due to different measurement rules in the relevant accounting standards AAS 25 and AASB 119 Employee Benefits.

(viii) Historic summary

CONSOLIDATED	SUPERANNUATION PLANS AUSTRALIA 2006 $'000	2005 $'000	PENSION PLANS US 2006 $'000	2005 $'000	POST EMPLOYMENT MEDICAL BENEFITS* US 2006 $'000	2005 $'000
Present value of defined benefit obligation	**5,021**	6,227	**29,149**	25,947	**3,176**	4,774
Fair value of plan assets	**(5,156)**	(6,140)	**(23,627)**	(18,264)	**–**	–
(Surplus)/deficit	**(135)**	87	**5,522**	7,683	**3,176**	4,774
Experience adjustments (gain)/loss plan liabilities	**369**	825	**213**	2,512	**2,954**	(1,079)
Experience adjustments (gain)/loss plan assets	**(384)**	(198)	**1,021**	368	**–**	–

* Post employment medical benefits are unfunded.

DEFINED CONTRIBUTION PLANS

Actuarial assessments are not applicable to these types of funds, as benefits are based on an accumulation of defined contributions. The Group sponsors the following plans:

Ridley Superannuation Plan – Australia
Staff Pension Plan for all Employees of Ridley Inc and Associated Companies – Canada.

NOTE 27. RELATED PARTY DISCLOSURES

The ultimate parent entity and controlling party is Ridley Corporation Limited.

DIRECTORS

Information on directors is disclosed in note 28.

OTHER RELATED PARTIES

Salpak Pty Ltd, Western Salt Refinery Pty Ltd, Dominion Salt Limited, Dominion Salt (N.I.) Limited and Cerebos-Skellerup Limited are associated entities due to the shareholding and representation by Ridley Corporation Limited or its subsidiaries on the board of directors. Information relating to material interests in associated entities is set out in note 36.

TRANSACTIONS WITH RELATED PARTIES

Transactions with each class of other related parties were as follows:

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Interest revenue – subsidaries	**–**	–	**19,650**	14,988
Dividend revenue – subsidaries	**–**	–	**12,525**	10,600
Management and directors' fees:				
Management charges	**–**	–	**5,306**	5,32
Associated entities	**103**	105	**–**	–
Sales of products to associated entites	**8,135**	8,625	**–**	–
Purchases of products from associated entities	**1,779**	1,462	**–**	–
Rental charges	**–**	–	**–**	2
Current tax payable assumed from wholly-owned tax consolidated entities	**–**	–	**1,475**	2,967
Outstanding balances				
Current receivables (tax funding agreement)				
Wholly-owned tax consolidated entities	**–**	–	**1,623**	2,967
Current payables (tax funding agreement)				
Wholly-owned tax consolidated entities	**–**	–	**147**	–
Current receivables – associated entities	**564**	493	**–**	–
Non-current receivables – subsidiaries	**–**	–	**273,875**	266,246

NOTE 28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

The following persons were directors of Ridley Corporation Limited during the financial year:

Chairman – non-executive
J S Keniry

Executive director – Managing Director
M P Bickford-Smith

Non-executive directors
E B Bryan
R J Lee
R J Lotze
A L Vizard

OTHER KEY MANAGEMENT PERSONNEL

2006

Name	Position
R E Frost	Executive Vice President – Ridley Inc and President – Ridley Nutrition Solutions
M S Mitchell	Chief Financial Officer – Ridley Inc
A D Murdoch	Chief Executive Officer – Ridley AgriProducts
J Murray*	Chief Executive Officer – Cheetham Salt
W J Poynton**	Chief Executive Officer – Cheetham Salt
S J VanRoekel	President and Chief Executive Officer – Ridley Inc
I Wilton	Chief Financial Officer – Ridley Corporation

* Commenced 8 December 2005.
** Ceased employment 16 December 2005.

2005

Name	Position
R E Frost	Executive Vice President – Ridley Inc and President – Ridley Nutrition Solutions
R B Gallaway*	Chief Executive Officer – Ridley Inc
M S Mitchell	Chief Financial Officer – Ridley Inc
A D Murdoch	Chief Executive Officer – Ridley AgriProducts
W J Poynton**	Chief Executive Officer – Cheetham Salt
S J VanRoekel	President and Chief Executive Officer – Ridley Inc
I Wilton	Chief Financial Officer – Ridley Corporation

* Ceased employment 31 August 2005.
** Ceased employment 16 December 2005.

REMUNERATION

Details of key management personnel remuneration are set out in the remuneration report, page 34. The Company has taken advantage of the relief provided by Corporations Regulation CR2M.6.04 and has transferred the detailed remuneration disclosures required by both AASB 124 and Section 300A of the Corporations Act 2001 to the directors' report.

Share holdings

The numbers of shares in the parent entity held during the financial year by each director of Ridley Corporation Limited and each of the seven key management personnel of the consolidated entity, including their personally-related entities, are set out opposite:

NOTE 28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

REMUNERATION (CONTINUED)

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2006				
Directors of Ridley Corporation Limited				
J S Keniry	**550,248**	**–**	**27,375**	**577,623**
M P Bickford-Smith	**80,863**	**500,000**	**7,453**	**588,316**
E B Bryan	**26,158**	**–**	**5,915**	**32,073**
R J Lee	**61,912**	**–**	**7,454**	**69,366**
R J Lotze	**100,365**	**–**	**10,000**	**110,365**
A L Vizard	**15,431**	**–**	**3,727**	**19,158**
Other key management personnel of the consolidated entity				
I Wilton	**78,047**	**100,000**	**(75,637)**	**102,410**
W J Poynton*	**26,610**	**–**	**1,189**	**27,799**
A D Murdoch	**5,469**	**–**	**1,516**	**6,985**

* Ceased employment 16 December 2005.

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2005				
Directors of Ridley Corporation Limited				
J S Keniry	504,033	–	46,215	550,248
M P Bickford-Smith	71,983	–	8,880	80,863
D G McGauchie*	170,000	–	–	170,000
E B Bryan	17,279	–	8,879	26,158
R J Lee	53,033	–	8,879	61,912
R J Lotze	100,365	–	–	100,365
A L Vizard	10,991	–	4,440	15,431
Other key management personnel of the consolidated entity				
I Wilton	62,950	175,000	(159,903)	78,047
W J Poynton**	25,305	–	1,305	26,610
A D Murdoch	4,164	–	1,305	5,469
R B Gallaway***	10,000	–	–	10,000

* Resigned 11 October 2004.
** Ceased employment 16 December 2005.
*** Ceased employment 31 August 2005.

Ridley Inc share holdings

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2006				
Directors of Ridley Corporation Limited				
J S Keniry	800	–	–	800
Other key management personnel of the consolidated entity				
M S Mitchell	500	10,000	(10,000)	500
2005				
Directors of Ridley Corporation Limited				
J S Keniry	800	–	–	800
Other key management personnel of the consolidated entity				
R B Gallaway*	10,000	–	–	10,000
M S Mitchell	500	–	–	500

* Ceased employment 31 August 2005.

NOTE 28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

OTHER TRANSACTIONS WITH DIRECTORS

Directors of Ridley Corporation Limited

Mr D G McGauchie, a previous director, purchased stockfeed on terms and conditions no more favourable than other comparable customers. A total of $67,354 was purchased up to 11 October 2004.

Options granted and vested

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR	NUMBER OF OPTIONS VESTED DURING THE YEAR
Directors of Ridley Corporation Limited		
M P Bickford-Smith	500,000	333,334
Other key management personnel of the consolidated entity		
I Wilton	–	266,666
W J Poynton*	–	149,999
A D Murdoch	–	199,999

* Ceased employment 16 December 2005.

Shares provided on exercise of remuneration options

Details of ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Ridley Corporation Limited and each of the other key management personnel of the consolidated entity are set out below:

NAME	EXERCISE PRICE OF OPTIONS	DATE OF EXERCISE OF OPTIONS	NUMBER OF ORDINARY SHARES ISSUED ON EXERCISE OF OPTIONS DURING THE YEAR
Directors of Ridley Corporation Limited			
M P Bickford-Smith	0.59	16 September 2005	500,000
Other key management personnel of the consolidated entity			
I Wilton	0.72	16 February 2006	100,000

No amounts are unpaid on any shares issued on the exercise of options.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Ridley Corporation Limited and each of the other key management personnel of the consolidated entity, including their personally-related entities, are set out below:

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors of Ridley Corporation Limited					
M P Bickford-Smith	2,500,000	500,000	500,000	2,500,000	1,000,000
Other key management personnel of the consolidated entity					
I Wilton	900,000	–	100,000	800,000	400,000
W J Poynton*	700,000	–	–	700,000	483,333
A D Murdoch	600,000	–	–	600,000	283,332

* Ceased employment 16 December 2005.

No options are vested and unexercisable at the end of the year.

NOTE 28. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

OTHER TRANSACTIONS WITH DIRECTORS (CONTINUED)

Ridley Inc option holdings

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS REMUNERATION	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors of Ridley Corporation Limited						
J S Keniry	28,000	–	–	14,000	14,000	14,000
Other key management personnel of the consolidated entity						
S J VanRoekel	20,000	–	–	10,000	10,000	10,000
R E Frost	20,000	–	–	10,000	10,000	10,000
M S Mitchell	15,000	–	10,000	5,000	–	–

Loans to directors and executives

Aggregate of loans made to directors of Ridley Corporation Limited and other key management personnel of the consolidated entity including their personally-related entities, are set out below:

2006	BALANCE AT THE START OF THE YEAR $	BALANCE AT THE END OF THE YEAR $	NUMBER IN GROUP AT THE END OF THE YEAR
Directors of Ridley Corporation Limited	**Nil**	**Nil**	**Nil**
Other key management personnel of the consolidated entity	**12,405**	**5,279**	**2**
2005			
Directors of Ridley Corporation Limited	Nil	Nil	Nil
Other key management personnel of the consolidated entity	9,760	12,405	4

The loans are interest-free and secured against shares issued under the Ridley Employee Share Scheme.

NOTE 29. BUSINESS AND GEOGRAPHICAL DATA

		STOCKFEED AND FEED SUPPLEMENTS								
BUSINESS SEGMENTS	SALT $'000	AUSTRALIA FEEDS $'000	CANADA FEEDS $'000	US FEEDS $'000	US NUTRITION SOLUTIONS $'000	UNALLOCATED $'000	ELIMINATIONS $'000	**CONTINUING OPERATIONS $'000**	DIS-CONTINUED OPERATIONS $'000	**TOTAL $'000**
BUSINESS SEGMENT DATA – 2006										
Sales – external	86,739	491,868	175,617	394,741	109,710	–	–	1,258,675	–	1,258,675
Sales – internal	–	–	–	27,435	11,045	–	(38,480)	–	–	–
Total sales revenue	**86,739**	**491,868**	**175,617**	**422,176**	**120,755**	**–**	**(38,480)**	**1,258,675**	**–**	**1,258,675**
Share of profit of associates	5,946	–	–	–	–	–	–	5,946	–	5,946
Other revenue	504	710	602	1,698	49	1,080	–	4,643	431	5,074
Total revenue	**93,189**	**492,578**	**176,219**	**423,874**	**120,804**	**1,080**	**(38,480)**	**1,269,264**	**431**	**1,269,695**
Result from operations	23,131	15,903	10,028	17,149	9,561	(16,334)	–	59,438	245	59,683
Net finance costs								(13,867)	–	(13,867)
Profit from continuing operations before income tax								**45,571**	245	**45,816**
Income tax expense								(11,917)	(170)	(12,087)
Net profit								**33,654**	75	**33,729**
Segment assets	258,845	206,389	94,338	134,927	74,719	6,585	–	775,803	1,106	776,909
Segment liabilities	9,234	80,560	19,008	37,090	5,292	230,867	–	382,051	788	382,839
Investment in associates	44,074	–	–	–	–	–	–	44,074	–	44,074
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	5,338	18,422	2,333	4,506	3,397	324	–	34,320	–	34,320
Depreciation and amortisation expense	3,437	6,557	2,641	6,019	2,551	1,516	–	22,721	–	22,721
BUSINESS SEGMENT DATA – 2005										
Sales – external	71,539	443,088	158,931	380,259	99,282	–	–	1,153,099	773	1,153,872
Sales – internal	–	–	–	27,629	7,553	–	(35,182)	–	–	–
Total sales revenue	**71,539**	**443,088**	**158,931**	**407,888**	**106,835**	**–**	**(35,182)**	**1,153,099**	**773**	**1,153,872**
Share of profit of associates	6,079	–	–	–	–	–	–	6,079	–	6,079
Other revenue	182	651	39	3,842	56	–	–	4,770	–	4,770
Total revenue	**77,800**	**443,739**	**158,970**	**411,730**	**106,891**	**–**	**(35,182)**	**1,163,948**	**773**	**1,164,271**
Result from operations	19,018	15,562	4,663	15,168	11,047	(12,251)	–	53,207	154	53,361
Net finance costs								(9,891)	15	(9,876)
Profit from continuing operations before income tax								**43,316**	169	**43,485**
Income tax benefit (expense)								1,856	(360)	1,496
Net profit								**45,172**	**(191)**	**44,981**
Segment assets	259,549	161,959	81,613	132,322	69,279	10,228	–	714,950	1,042	715,992
Segment liabilities	15,009	78,842	16,094	35,987	8,546	209,083	–	363,561	1,002	364,563
Investment in associates	44,083	–	–	–	–	–	–	44,083	–	44,083
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	60,671	6,593	1,909	4,350	26,988	3	–	100,514	–	100,514
Depreciation and amortisation expense	2,873	5,991	2,695	5,959	2,083	768	–	20,369	–	20,369

NOTE 29. BUSINESS AND GEOGRAPHICAL DATA (CONTINUED)

GEOGRAPHIC SEGMENTS

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

GEOGRAPHIC SEGMENTS	AUSTRALASIA		NORTH AMERICA		EUROPEAN UNION		ELIMINATION		CONSOLIDATED	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
External sales	**578,607**	514,627	**680,068**	639,245	**–**	–	**–**	–	**1,258,675**	1,153,872
Acquisitions of fixed assets, intangibles and other non-current assets	**23,830**	67,267	**10,490**	33,247	**–**	–	**–**	–	**34,320**	100,514
Segment assets	**519,239**	461,953	**291,354**	287,787	**1,106**	1,042	**(34,790)**	(34,790)	**776,909**	715,992

BUSINESS SEGMENTS

The consolidated entity is organised into the following divisions by product type:

Stockfeed and feed supplements Produces and markets stock and poultry feeds, aquafeeds, vitamins, mineral supplements and rural merchandise.

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

Discontinued operations Swine genetics.

The basis of intersegmental transfers is market pricing.

Results are calculated on a before net borrowing costs and tax expense basis. Segment assets exclude deferred tax assets and cash, which have been included as unallocated assets.

NOTE 30(i). RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO PROFIT AFTER INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Net cash inflow from operating activities	**39,536**	67,271	**16,851**	15,046
Depreciation and amortisation	**(22,854)**	(20,687)	**(615)**	(618)
Net profit/(loss) on sale of non-current assets	**(230)**	248	**–**	–
Other	**7**	5	**10**	116
Dividends in excess of equity profits	**9**	(898)	**–**	–
Non-cash share-based payments	**(760)**	(953)	**(760)**	(953)
Non-cash retirement benefit expense	**(465)**	(2,163)	**–**	–
Contributions to retirement benefits	**4,840**	3,035	**–**	–
Change in operating assets and liabilities, net of effects from purchase and sale of controlled entities and business:				
Increase/(decrease) in trade debtors and doubtful debt provision	**12,931**	(993)	**–**	–
Increase in inventories	**17,849**	4,391	**–**	–
Increase/(decrease) in deferred tax assets	**–**	9,199	**(9)**	8,562
Increase/(decrease) in other debtors	**(5,562)**	1,412	**(1,150)**	78
Decrease in prepayments	**(157)**	(739)	**–**	(28)
Decrease in deferred expenditure	**(964)**	–	**–**	–
Increase in trade creditors	**(5,967)**	(17,773)	**(1,105)**	(1,505)
(Increase)/decrease in employee provisions	**(642)**	(1,182)	**193**	(112)
Decrease in other provisions	**162**	68	**–**	68
(Increase)/decrease in provision for income tax payable	**3,487**	767	**795**	(795)
(Increase)/decrease in provision for income tax	**(936)**	766	**–**	667
(Increase)/decrease in provision for deferred income tax	**(6,555)**	3,207	**111**	3,242
Profit for the year	**33,729**	44,981	**14,321**	23,768

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000

NOTE 30(ii). RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:

	CONSOLIDATED 2006 $'000	CONSOLIDATED 2005 $'000	PARENT ENTITY 2006 $'000	PARENT ENTITY 2005 $'000
Cash	**6,838**	10,715	**3,210**	2
Short-term deposits	**562**	272	**–**	–
	7,400	10,987	**3,210**	2
Bank overdraft	**(5,878)**	(3,491)	**–**	(20,098)
Total cash	**1,522**	7,496	**3,210**	(20,096)

NOTE 31. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, dividends of $8,711,000 (2005: $5,384,000) were satisfied by the issue of 6,347,556 (2005: 3,799,100) shares under the Dividend Reinvestment Plan.

NOTE 32. FINANCE FACILITIES

TERM LOAN FACILITIES

Global finance facility

In October 2001, the consolidated entity entered into a four-year global facility agreement with a consortium of Australian and international banks. In 2004, the facility was extended for two years to October 2007. Subsequent to year-end, the terms of the facility were amended with an expiry date of 31 July 2009. The new facility limits are A$215,000,000, US$67,000,000 and C$26,000,000. A$26,700,000 and US$20,000,000 of the facility limits are subject to annual review, with the balance expiring on 31 July 2009. The key covenant ratios under the facility are interest cover, debt cover, gearing and consolidated net worth. The facility is secured by fixed and floating charges over Group assets.

The facility consists of revolving and non-revolving cash advances.

Limits to cash advances

CURRENCY	REVOLVING LIMIT	UTILISED	NON-REVOLVING LIMIT	UTILISED	TOTAL LIMIT	TOTAL UTILISED
2006						
Australian dollars	**A$100m**	**A$95m**	**A$50m**	**A$50m**	**A$150m**	**A$145m**
United States dollars	**US$23m**	**US$9m**	**–**	**–**	**US$23m**	**US$9m**
Canadian dollars	**C$26m**	**C$12m**	**–**	**–**	**C$26m**	**C$12m**
2005						
Australian dollars	A$100m	A$72m	A$50m	A$50m	A$150m	A$122m
United States dollars	US$23m	US$9m	US$4m	US$4m	US$27m	US$13m
Canadian dollars	C$26m	C$19m	C$2m	C$2m	C$28m	C$21m

CURRENCY	REVOLVING	NON-REVOLVING
Repayments		
Australian dollars	October 2007	October 2007
United States dollars	October 2007	October 2005[(a)]
Canadian dollars	October 2007	October 2005[(a)]

(a) The US and Canadian non-revolving facilities are repayable in equal quarterly instalments of US$2 million and C$1 million respectively, with the final repayment paid in October 2005.

NOTE 32. FINANCE FACILITIES (CONTINUED)

SHORT-TERM CREDIT FACILITIES

Australian dollar facility

The consolidated entity has a $6.5 million (2005: $6.5 million) net overdraft facility, subject to annual review. At 30 June 2006 and 2005, this facility was unutilised.

The consolidated entity has standby facilities totalling $55.0 million, subject to annual review these facilities expire on 31 July 2006. As at 30 June 2006, these facilities were unutilised. Subsequent to year-end, these facilities were amalgamated into the global finance facility.

United States dollar facilities

The consolidated entity has a US$1.1 million (2005: US$1.1 million) loan facility subject to annual review. At 30 June 2006, US$0.9 million (2005: US$0.7 million) of this was utilised.

The consolidated entity has a US$4.0 million (2005: US$4.0 million) open line of credit subject to annual review. At 30 June 2006, US$2.0 million (2005: US$2.1 million) of this facility was utilised.

Canadian dollar facility

The consolidated entity has a C$5.0 million (2005: C$5.0 million) overdraft facility, subject to annual review. At 30 June 2006, C$1.4 million of this facility was utilised (2005: unutilised).

NOTE 33. EARNINGS PER SHARE

	CONSOLIDATED 2006	2005
Basic earnings per share from continuing operations	**10.0c**	14.8c
Basic earnings per share	**10.0c**	14.7c
Diluted earnings per share from continuing operations	**10.0c**	14.7c
Diluted earnings per share	**10.0c**	14.7c

	2006 EARNINGS PER SHARE		2005 EARNINGS PER SHARE	
	BASIC $'000	**DILUTED $'000**	BASIC $'000	DILUTED $'000
Profit from continuing operations after income tax	**33,654**	**33,654**	45,172	45,172
Profit/(loss) from discontinued operations	**75**	**75**	(191)	(191)
Net profit attributable to minority interest	**6,040**	**6,040**	5,012	5,012
Profit attributable to members and earnings used in calculating earnings per share	**27,689**	**27,689**	39,969	39,969

	BASIC	**DILUTED**	BASIC	DILUTED
Weighted average number of shares used as the denominator				
Weighted average number of shares on issue	**277,220,791**	**277,220,791**	271,433,818	271,433,818
Plus dilutive options below share price	**–**	**225,327**	–	852,310
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**277,220,791**	**277,446,118**	271,433,818	272,286,128

2,183,687 shares issued under the Ridley Employee Share Scheme have been accounted for as in-substance options.

Options

Options granted to employees under the Ridley Incentive Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. 7,175,000 (2005: 6,775,000) options have not been included in the determination of diluted earnings per share. Details relating to the options are set out in note 26.

NOTE 34. INVESTMENT IN CONTROLLED ENTITIES

BUSINESSES AND CONTROLLED ENTITIES ACQUIRED

2006

The Group acquired the business and assets of Teangi Stockfeeds, a stockfeed business, on 28 July 2005 and the business and assets of Primix, a feed supplements business, on 22 November 2005. On 12 August 2005, the Group purchased the remaining 49% share of McCauley Bros Inc, a horse feed producer.

2005

The Group acquired the Dry Creek salt field and associated plant and equipment on 19 May 2005 and the business and assets of Sweetlix LLC, a livestock feed supplement business, on 30 July 2004.

	FAIR VALUE OF ASSETS ACQUIRED	
	2006 $'000	2005 $'000
Current assets		
Receivables	**–**	3,124
Inventories	**1,319**	6,724
Other	**18**	95
Non-current assets		
Property, plant and equipment	**4,454**	62,298
Deferred tax asset	**39**	296
Other	**–**	63
Current liabilities		
Payables	**(47)**	(2,138)
Provisions	**(96)**	(417)
Non-current liabilities		
Provisions	**(35)**	(570)
Deferred tax liabilities	**(101)**	–
Fair value of net identifiable assets acquired	**5,551**	69,475
Minority interest	**545**	–
	6,096	69,475
Goodwill acquired	**2,911**	15,356
Consideration	**9,007**	84,831
Less: Amounts deferred	**2,166**	5,387
Outflow of cash to acquire businesses and controlled entities net of cash acquired	**6,841**	79,444

Stamp duty and other associated costs relating to the Dry Creek acquisition in 2005 of $3,313,000 were paid in 2006. Goodwill was increased by $518,000.

BUSINESSES AND CONTROLLED ENTITIES DISPOSED

At 30 June 2003, all of the operations of the Cotswold Swine Genetics business in North America were written down to recoverable value. On 23 September 2003, a controlled entity sold the major assets of that business.

On 10 May 2002, the consolidated entity sold the Cotswold International – Europe swine genetics business. Settlement of residual assets and liabilities is expected no later than May 2008.

Financial information relating to the discontinued operations is set out opposite. Further information is disclosed in note 29, Business and Geographical Data.

	CONSOLIDATED	
	2006 $'000	2005 $'000

NOTE 34. INVESTMENT IN CONTROLLED ENTITIES (CONTINUED)

BUSINESSES AND CONTROLLED ENTITIES DISPOSED (CONTINUED)

	2006 $'000	2005 $'000
Revenue from discontinued operations	**431**	773
Total revenue from discontinued operations	**431**	773
Expenses from discontinued operations	**186**	604
Total expenses from discontinued operations	**186**	604
Profit from discontinued operations before income tax	**245**	169
Income tax expense	**(170)**	(360)
Net profit/(loss)	**75**	(191)
Carrying amount of assets and liabilities		
Deferred receivable	**1,106**	1,042
Receivables	**–**	–
Total assets	**1,106**	1,042
Payables and accrued liabilities	**81**	1,002
Total liabilities	**81**	1,002
Net assets	**1,025**	40

CASH FLOW INFORMATION

	2006 $'000	2005 $'000
Net cash inflow/(outflow) from ordinary activities	**75**	(191)
Net cash inflow from financing activities	**–**	191
Net cash inflow	**75**	–

NOTE 34. INVESTMENT IN CONTROLLED ENTITIES (CONTINUED)

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY OF PARENT ENTITY 2006	2005
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.) Pty Ltd.	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%
Salt Australia Pty Ltd	Australia	Ordinary	**100%**	100%
Ocsalt Pty Ltd Australia	Australia	Ordinary	**100%**	100%
Queensland Salt Pty Ltd	Australia	Ordinary	**100%**	100%
PT Cheetham Garam and its controlled entity	Indonesia	Ordinary	**100%**	100%
PT Cheetham International Trading	Indonesia	Ordinary	**100%**	100%
Sea Lake Salt Pty Ltd	Australia	Ordinary	**100%**	100%
Mastersalt Pty Ltd	Australia	Ordinary	**100%**	100%
Cheetham Salt (Dry Creek) 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 Pty Ltd	Australia	Ordinary	**100%**	100%
Ridley M I Pty Limited	Australia	Ordinary	**100%**	100%
Ridley Argentina S.A.	Argentina	Ordinary	**100%**	100%
Ridley Inc and its controlled entities	Canada	Ordinary	**69%**	69%
Ridley Manitoba Limited	Canada	Ordinary	**69%**	69%
Ridley Limited Partnership and its controlled entity	Canada	Ordinary	**69%**	69%
Ridley Nova Scotia LLC and its controlled entity	USA	Ordinary	**69%**	69%
HFI Finance LLC	USA	Ordinary	**69%**	69%
Cotswold Holdings ULC and its controlled entity	USA	Ordinary	**69%**	69%
Ridley UK Holdings Limited	UK	Ordinary	**69%**	69%
Ridley US Holding Inc. and its controlled entities	USA	Ordinary	**69%**	69%
Hubbard Feeds Inc. and its controlled entities	USA	Ordinary	**69%**	69%
Hubbard Feeds Management Company	USA	Ordinary	**69%**	69%
PBH Transportation Company*	USA	Ordinary	**–**	69%
Ridley Block Operations Inc	USA	Ordinary	**69%**	69%
Sweetlix Inc.	USA	Ordinary	**69%**	69%
McCauley Bros. Inc.	USA	Ordinary	**69%**	35%

* Disolved 1 June 2006

NOTE 35. DEED OF CROSS GUARANTEE

Ridley Corporation Limited, Cheetham Salt Limited and Cheetham Salt (Dry Creek) Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others by entering into the deed.

The above companies represent a Closed Group for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Ridley Corporation Limited, they also represent the Extended Closed Group.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2006 of the Closed Group consisting of Ridley Corporation Limited, Cheetham Salt Limited and Cheetham Salt (Dry Creek) Pty Ltd.

	CONSOLIDATED	
	2006 $'000	2005 $'000
(A) CONSOLIDATED INCOME STATEMENT AND A SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED PROFITS		
Sales revenue from continuing operations	**83,708**	68,971
Cost of sales	**57,050**	47,338
Gross profit	**26,658**	21,633
Other revenues from continuing operations	**22,206**	20,093
Other income	**612**	–
Other expenses from continuing operations		
Selling and distribution	**(4,311)**	(3,190)
General and administrative	**(15,012)**	(13,337)
Finance costs	**(11,695)**	(6,761)
Other	**(2,808)**	(2,165)
Profit from continuing operations before income tax expense	**15,650**	16,273
Income tax expense/(benefit)	**1,329**	(8,153)
Profit after income tax expense	**14,321**	24,426
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**37,910**	30,986
Adjustment on adoption of AASB 132 and 139 – net of tax	**(89)**	–
Profit for the year	**14,321**	24,426
Dividends provided for or paid	**(18,597)**	(17,593)
Less: Non-cash dividends paid on employee in-substance options	**99**	91
Other	**(16)**	–
Retained profits at the end of the financial year	**33,628**	**37,910**

NOTE 35. DEED OF CROSS GUARANTEE (CONTINUED)

(B) BALANCE SHEET

	CONSOLIDATED 2006 $'000	2005 $'000
Current assets		
Cash and cash equivalents	**5,230**	8
Receivables	**14,396**	14,891
Inventories	**30,127**	27,657
Total current assets	**49,753**	42,556
Non-current assets		
Receivables	**113,427**	95,650
Property, plant and equipment	**147,331**	151,646
Deferred tax assets	**366**	637
Intangible assets	**5,017**	4,537
Other non-current assets	**176,609**	158,956
Total non-current assets	**442,750**	411,426
Total assets	**492,503**	453,982
Current liabilities		
Payables	**8,306**	12,298
Interest bearing liabilities	**–**	14,047
Current tax liabilities	**–**	795
Provisions	**3,325**	2,455
Total current liabilities	**11,631**	29,595
Non-current liabilities		
Interest bearing liabilities	**144,500**	121,500
Deferred tax liabilities	**14,377**	–
Provisions	**1,359**	2,569
Total non-current liabilities	**160,236**	124,069
Total liabilities	**171,867**	153,664
Net assets	**320,636**	300,318
Equity		
Contributed equity	**210,633**	201,009
Reserves	**76,375**	61,399
Retained profits	**33,628**	37,910
Total equity	**320,636**	300,318

NAME OF COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2006	OWNERSHIP INTEREST 2005	CARRYING AMOUNT 2006 $'000	CARRYING AMOUNT 2005 $'000

NOTE 36. INVESTMENTS IN ASSOCIATES

CONSOLIDATED

NAME OF COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2006	OWNERSHIP INTEREST 2005	CARRYING AMOUNT 2006 $'000	CARRYING AMOUNT 2005 $'000
Salpak Pty Ltd	Salt Marketing	Australia	**49%**	49%	**14,066**	14,064
Western Salt Refinery Pty Ltd	Salt Production and Distribution	Australia	**50%**	50%	**1,271**	1,282
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production and Distribution	New Zealand	**50%**	50%	**26,409**	26,409
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	**49%**	49%	**2,328**	2,328
Total					**44,074**	44,083

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

Summary of the performance and financial position of the associates is as follows:

	2006 $'000	2005 $'000
Carrying amount at the beginning of the financial year	**44,083**	44,084
Share of operating profits after income tax	**5,946**	6,079
Dividends received/receivable	**(5,955)**	(6,080)
Carrying amount at the end of the financial year	**44,074**	44,083
Operating profits before income tax	**8,791**	9,095
Income tax expense	**2,845**	3,016
Operating profits after income tax	**5,946**	6,079
Less: dividends received/receivable	**5,955**	6,080
	(9)	(1)
Accumulated losses attributable to associates at the beginning of the financial year	**(9,393)**	(9,392)
Accumulated losses attributable to associates at the end of the financial year	**(9,402)**	(9,393)
Consolidated entity's share:		
Assets	**44,164**	43,808
Liabilities	**6,508**	6,420
Contingent liabilities	**31**	43
Operating lease commitments	**97**	55
Capital expenditure commitment	**–**	47

There are no material reserves of the associated companies.

NOTE 37. INTERESTS IN JOINT VENTURES

JOINT VENTURE OPERATIONS

Controlled entities have a 50% participating interest in two joint venture operations Champion Liquid Feeds Joint Venture and Ridley TSS Joint Venture. These joint ventures produce and market stockfeed. The consolidated entity is entitled to 50% of the output of the joint ventures. The consolidated entity's interests in the assets employed in these joint ventures are included in the consolidated statements of financial position.

	CONSOLIDATED		PARENT ENTITY	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Current assets				
Cash	**–**	392	**–**	–
Receivables	**2,729**	1,791	**–**	–
Inventories	**748**	654	**–**	–
Other	**16**	7	**–**	–
Total current assets	**3,493**	2,844	**–**	–
Non-current assets				
Plant and equipment – at cost	**238**	143	**–**	–
Less: Accumulated depreciation	**97**	88	**–**	–
Total non-current assets	**141**	55	**–**	–
Share of assets employed in joint venture	**3,634**	2,899	**–**	–

The consolidated entity's share of operating lease commitments is $90,000 (2005: $70,000).

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS

RECONCILIATION OF EQUITY REPORTED UNDER PREVIOUS AGAAP TO EQUITY UNDER AIFRS

At the date of transition to AIFRS: 1 July 2004

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000
Current assets							
Cash and cash equivalents		11,563	–	11,563	2,030	–	2,030
Receivables	(k)	103,150	3,180	106,330	1,456	91	1,547
Inventories		106,153	–	106,153	–	–	–
Other current assets	(k)	4,074	(3,180)	894	91	(91)	–
Total current assets		**224,940**	**–**	**224,940**	**3,577**	**–**	**3,577**
Non-current assets							
Receivables	(d)	8,980	(851)	8,129	187,847	(4,300)	183,547
Investments accounted for using the equity method	(e)	44,722	(638)	44,084	–	–	–
Property, plant and equipment	(i)	320,357	(980)	319,377	4,428	54	4,482
Deferred tax assets		3,993	(3,993)	–	–	207	207
Intangible assets	(i)	50,400	1,050	51,450	–	16	16
Retirement benefits asset	(c)	–	469	469	–	–	–
Other non-current assets		4,098	(529)	3,569	109,664	–	109,664
Total non-current assets		**432,550**	**(5,472)**	**427,078**	**301,939**	**(4,023)**	**297,916**
Total assets		**657,490**	**(5,472)**	**652,018**	**305,516**	**(4,023)**	**301,493**
Current liabilities							
Payables		111,458	708	112,166	815	–	815
Interest bearing liabilities		20,620	–	20,620	–	–	–
Current tax liabilities		1,815	–	1,815	–	–	–
Provisions	(j)	8,035	2,520	10,555	502	–	502
Total current liabilities		**141,928**	**3,228**	**145,156**	**1,317**	**–**	**1,317**
Non-current liabilities							
Interest bearing liabilities		114,382	–	114,382	75,000	–	75,000
Deferred tax liabilities	(e)	21,932	29,703	51,635	3,242	(3,242)	–
Provisions	(j)	5,651	(2,450)	3,201	743	70	813
Retirement benefit obligations	(c)	4,975	6,195	11,170	–	–	–
Total non-current liabilities		**146,940**	**33,448**	**180,388**	**78,985**	**(3,172)**	**75,813**
Total liabilities		**288,868**	**36,676**	**325,544**	**80,302**	**(3,172)**	**77,130**
Net assets		**368,622**	**(42,148)**	**326,474**	**225,214**	**(851)**	**224,363**
Equity							
Contributed equity	(d)	197,341	(1,147)	196,194	197,341	(1,147)	196,194
Reserves	(a) (d) (e)	85,165	(14,098)	71,067	13,923	501	14,424
Retained profits	(f)	36,543	(22,491)	14,052	13,950	(205)	13,745
Parent entity interests		**319,049**	**(37,736)**	**281,313**	**225,214**	**(851)**	**224,363**
Minority interest	(f)	49,573	(4,412)	45,161	–	–	–
Total equity		**368,622**	**(42,148)**	**326,474**	**225,214**	**(851)**	**224,363**

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

RECONCILIATION OF EQUITY REPORTED UNDER PREVIOUS AGAAP TO EQUITY UNDER AIFRS (CONTINUED)

At the end of the last reporting period under previous AGAAP: 30 June 2005

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000
Current assets							
Cash and cash equivalents		10,987	–	10,987	2	–	2
Receivables	(k)	106,602	2,421	109,023	2,129	63	2,192
Inventories		110,444	–	110,444	–	–	–
Other current assets	(k)	2,603	(2,421)	182	63	(63)	–
Total current assets		**230,636**	**–**	**230,636**	**2,194**	**–**	**2,194**
Non-current assets							
Receivables	(d)	6,586	(1,094)	5,492	259,186	7,093	266,279
Investments accounted for using the equity method	(b) (e)	43,824	259	44,083	–	–	–
Property, plant and equipment	(i)	372,033	(1,095)	370,938	4,212	51	4,263
Deferred tax assets		14,287	(14,287)	–	8,416	(8,041)	375
Intangible assets	(b) (i)	57,323	5,298	62,621	–	4	4
Retirement benefit assets	(c)	1,459	(1,459)	–	–	–	–
Other non-current assets		2,750	(528)	2,222	109,348	–	109,348
Total non-current assets		**498,262**	**(12,906)**	**485,356**	**381,162**	**(893)**	**380,269**
Total assets		**728,898**	**(12,906)**	**715,992**	**383,356**	**(893)**	**382,463**
Current liabilities							
Payables		130,946	707	131,653	2,312	–	2,312
Interest bearing liabilities		11,681	–	11,681	20,098	–	20,098
Current tax liabilities		2,551	–	2,551	795	–	795
Provisions	(j)	8,552	3,337	11,889	580	–	580
Total current liabilities		**153,730**	**4,044**	**157,774**	**23,785**	**–**	**23,785**
Non-current liabilities							
Interest bearing liabilities		163,416	–	163,416	121,500	–	121,500
Deferred tax liabilities	(e)	18,076	9,572	27,648	–	–	–
Provisions	(j)	6,444	(3,263)	3,181	708	74	782
Retirement benefit obligations	(c)	5,284	7,260	12,544	–	–	–
Total non-current liabilities		**193,220**	**13,569**	**206,789**	**122,208**	**74**	**122,282**
Total liabilities		**346,950**	**17,613**	**364,563**	**145,993**	**74**	**146,067**
Net assets		**381,948**	**(30,519)**	**351,429**	**237,363**	**(967)**	**236,396**
Equity							
Contributed equity	(d)	202,489	(1,480)	201,009	202,489	(1,480)	201,009
Reserves	(a) (d) (e)	75,879	(5,919)	69,960	13,923	1,453	15,376
Retained profits	(f)	53,361	(18,869)	34,492	20,951	(940)	20,011
Parent entity interests		**331,729**	**(26,268)**	**305,461**	**237,363**	**(967)**	**236,396**
Minority interest	(f)	50,219	(4,251)	45,968	–	–	–
Total equity		**381,948**	**(30,519)**	**351,429**	**237,363**	**(967)**	**236,396**

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

RECONCILIATION OF PROFIT FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED PREVIOUS AGAAP $'000	CONSOLIDATED EFFECT OF TRANSITION TO AIFRS $'000	CONSOLIDATED AIFRS $'000	PARENT ENTITY PREVIOUS AGAAP $'000	PARENT ENTITY EFFECT OF TRANSITION TO AIFRS $'000	PARENT ENTITY AIFRS $'000
Sales revenue from continuing operations	(h)	1,153,872	(773)	1,153,099	–	–	–
Cost of sales	(h)	986,519	430	986,089	–	–	–
Gross profit		**167,353**	**(343)**	**167,010**	**–**	**–**	**–**
Other revenues from continuing operations	(g) (h)	9,125	(3,413)	5,712	30,973	–	30,973
Other income		377	–	377	–	–	–
Other expenses from continuing operations							–
Selling and distribution		(55,736)	–	(55,736)	–	–	–
General and administrative	(c) (d) (h)	(66,709)	(1,365)	(68,074)	(8,287)	(971)	(9,258)
Finance costs	(h)	(11,195)	–	(11,195)	(6,740)	–	(6,740)
Other	(b) (g) (h)	(8,936)	8,079	(857)	(763)	–	(763)
Share of net profits from associates	(b)	5,182	897	6,079	–	–	–
Profit from continuing operations before income tax expense		**39,461**	**3,855**	**43,316**	**15,183**	**(971)**	**14,212**
Income tax expense/(benefit)	(b) (e) (h)	492	(2,348)	(1,856)	(9,411)	(145)	(9,556)
Profit from continuing operations after income tax expense		**38,969**	**6,203**	**45,172**	**24,594**	**(826)**	**23,768**
Loss from discontinued operations	(h)	–	(191)	(191)	–	–	–
Profit for the year		**38,969**	**6,012**	**44,981**	**24,594**	**(826)**	**23,768**
Profit attributable to minority interest	(b) (c)	4,384	628	5,012	–	–	–
Net profit after tax attributable to members of Ridley Corporation Limited		**34,585**	**5,384**	**39,969**	**24,594**	**(826)**	**23,768**

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

NOTES TO THE RECONCILIATIONS

(a) Foreign currency translation reserve: cumulative translation differences

The Group has elected to apply the exemption in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve are deemed to be zero at the date of transition to AIFRS. The effect is:

At 1 July 2004 and 30 June 2005

The balance in the foreign currency translation reserve and retained profits are decreased by $4,005,000 at each date. There was no effect on the parent entity.

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

NOTES TO THE RECONCILIATIONS (CONTINUED)

(b) Goodwill

Goodwill (including goodwill recorded within associates) was previously amortised under AGAAP, but under AIFRS the Group has instead tested goodwill impairment annually or when indicators of impairment are present in accordance with AASB 136 Impairment of Assets. The effect of this is:

(i) At 1 July 2004
No Effect

(ii) At 30 June 2005
For the Group, there has been an increase in intangibles of $4,147,000 and in deferred tax liabilities of $944,000. Minority interest have increased by $678,000 and retained profits by $2,525,000. There has also been an increase in investments accounted for using the equity method of $897,000 and a corresponding increase in retained profits. There has been no effect on the parent entity.

(iii) For the year ended 30 June 2005
For the Group, the amortisation expense has decreased by $4,147,000 and income tax expense increased by $944,000. Minority interest has increased by $678,000. There has also been an increase in investments accounted for using the equity method of $897,000 and a corresponding increase in retained profits. There has been no effect on the parent entity.

(c) Retirement benefit obligations

The Group is the sponsor of a defined superannuation plan and pension and health plans. Under previous AGAAP, cumulative actuarial gains and losses on the defined benefit section were not recognised on the balance sheet. At the date of transition, an asset or a liability is recognised, being the retirement benefit asset or obligations. It is measured as the difference between the present value of the employees' accrued benefits at that date and the net market value of the fund's assets at that date. The effect of this is:

(i) At 1 July 2004
There has been an increase of $6,195,000 in retirement benefit obligations and an increase in retirement benefit assets of $469,000 and an increase in payables of $708,000. Deferred tax liabilities have decreased by $2,368,000. Minority interest decreased by $1,342,000. Retained profits decreased by $2,723,000. There has been no effect on the parent entity.

(ii) At 30 June 2005
There has been an increase of $7,260,000 in retirement benefit obligations, a decrease in retirement benefit assets of $1,459,000 and an increase in payables of $707,000. Deferred tax liabilities have decreased by $3,522,000. Minority interest decreased by $1,797,000. Retained profits have decreased by $4,529,000 and foreign currency translation reserve has increased by $422,000. There has been no effect on the parent entity.

(iii) For the year ended 30 June 2005
Employee benefits expense for the year has increased by $48,000 and income tax expense increased by $43,000. Minority interest increased by $50,000. There has been no effect on the parent entity.

(d) Share-based payments

Under AASB 2 Share-based Payments, from 1 July 2004 the Group is required to recognise an expense for those options and shares that were issued to employees under the Ridley Corporation Incentive Option Plan and Ridley Employee Share Scheme after 7 November 2002, but that had not vested by 1 January 2005, and derecognise non-recourse loans to employees advanced as part of the Ridley Employee Share Scheme. The effect of this is for the Group and parent entity.

(i) At 1 July 2004
Non-current receivables have decreased by $851,000 to derecognise non-recourse loans advanced to employees under the Employee Share Scheme with a reduction of $1,147,000 in contributed equity and an increase of $296,000 in retained profits.

Share-based payments reserve has increased by $501,000, with a corresponding reduction in retained profits to recognise an expense for options issued between 7 November 2002 and 1 January 2005.

(ii) At 30 June 2005
Non-current receivables have decreased by $1,094,000, contributed equity has decreased by $1,480,000, retained profits has decreased by $927,000, share-based payments reserve has increased by $1,453,000 and deferred tax liabilities have decreased by $141,000.

(iii) For the year ended 30 June 2005
There has been an increase in employee benefits expense of $953,000. Income tax expense decreased by $141,000.

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

NOTES TO THE RECONCILIATIONS (CONTINUED)

(e) Deferred tax liability

Under previous AGAAP, income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to differences between tax bases and carrying amounts of revalued assets, including certain assets such as land and salt fields with indefinite useful lives. The adoption of AIFRS has resulted in a change in accounting policy. The application of AASB 112 Income Taxes has resulted in the recognition of deferred tax liabilities on these assets as shown in table below. This change also resulted in the recognition of additional deferred tax liabilities in associates decreasing investments accounted for using the equity method and retained profits by $638,000 at both 1 July 2004 and 30 June 2005. The effects are as follows:

(i) At 1 July 2004 and at 30 June 2005
The effects on the deferred tax liability of the adoption of AIFRS are as follows:

	NOTE	CONSOLIDATED 30 JUNE 2005 $'000	CONSOLIDATED 1 JULY 2004 $'000	PARENT ENTITY 30 JUNE 2005 $'000	PARENT ENTITY 1 JULY 2004 $'000
Adjustments arising from adoption of AASB 112					
Retained earnings		11,862	14,604	–	–
Asset revaluation reserve		11,800	18,602	–	–
Minority interest		3,132	3,069	–	–
		26,794	36,275	–	–
Application of AASB 112 to adjustments arising from adoption of other AASBs					
Share-based payments	(d)	(141)	–	(141)	–
Goodwill	(b)	944	–	–	–
Retirement benefits obligations	(c)	(3,521)	(2,368)	–	–
Other		(217)	(211)	(6)	–
Adjustments relating to the accounting for the tax consolidation legislation	(e)	–	–	8,188	(3,449)
Increase in deferred tax liability		23,859	33,696	8,041	(3,449)
Set-off of deferral tax assets		14,287	(3,993)	(8,041)	207
		9,572	29,703	–	(3,242)

(ii) For the year ended 30 June 2005
The impact of AASB 112 has decreased income tax expense by $2,348,000.

Impact of revised tax consolidation legislation
Ridley Corporation Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. Under previous AGAAP, Ridley Corporation Limited recognised current and deferred tax amounts relating to transactions, events and balances of the tax consolidated entities as if those transactions, events and balances were its own.

Under AIFRS, the parent entity only recognises the current tax payable and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Under these rules, Ridley Corporation Limited has reclassified the deferred tax balances (with the exception of those arising from unused tax losses and unused tax credits) relating to tax consolidated entities into the relevant intercompany account on the date of transition to AIFRS.

(i) At 1 July 2004
There is no effect on the Group. For the parent entity, deferred tax liabilities decreased by $3,449,000, with a corresponding decrease in receivables from subsidiaries.

(ii) At 30 June 2005
There is no effect on the Group. For the parent entity, deferred tax liabilities decreased by $8,188,000, with a corresponding decrease in receivables from subsidiaries.

(iii) For the year ended 30 June 2005
There is no effect on the Group or parent entity results.

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

NOTES TO THE RECONCILIATIONS (CONTINUED)

(f) Retained profits

The effect on retained profits of the changes set out above is as follows:

		CONSOLIDATED		PARENT ENTITY	
	NOTE	30 JUNE 2005 $'000	1 JULY 2004 $'000	30 JUNE 2005 $'000	1 JULY 2004 $'000
Retained profits					
Foreign currency translation reserve	(a)	(4,005)	(4,005)	–	–
Goodwill	(b)	3,422	–	–	–
Retirement benefit obligations	(c)	(4,529)	(2,723)	–	–
Share-based payments	(d)	(927)	(205)	(927)	(205)
Other		(330)	(317)	(13)	–
Deferred tax	(e)	(12,500)	(15,242)	–	–
		(18,869)	**(22,492)**	**(940)**	**(205)**
Minority interest					
Goodwill	(b)	678	–	–	–
Retirement benefit obligations	(c)	(1,797)	(1,343)	–	–
Deferred tax	(e)	(3,132)	(3,069)	–	–
		(4,251)	**(4,412)**	–	–

(g) Revenue

Under the previous AGAAP, proceeds received from the sale of non-current assets was reported as revenue. Under AIFRS, these amounts have been offset against the corresponding expenses in the income statement and the gain on disposal is recognised in other income. The effect of this is:

For the year ended 30 June 2005
For the Group, other revenues have decreased by $3,149,000 and other expenses have decreased by $3,149,000. There has been no effect on the parent entity.

(h) Discontinued operations

Under AIFRS, revenues and expenses of discontinued operations have been removed from individual items of revenue and expense and disclosed in aggregate as "profit/(loss) from discontinued operations" in the income statement.

(i) Capitalised Software

Under the previous AGAAP, capitalised software was classified as property, plant and equipment. Under AIFRS, capitalised software has been reclassified as intangible assets. The effect of this is as follows:

(i) At 1 July 2004
For the Group, there has been an increase in intangible assets of $1,050,000 and a corresponding decrease in property, plant and equipment. There has been an increase in intangible assets of $16,000 and a corresponding decrease in property, plant and equipment for the parent entity.

(ii) At 30 June 2005
For the Group, there has been an increase in intangible assets of $1,151,000 and a corresponding decrease in property, plant and equipment. There has been an increase in intangible assets of $4,000 and a corresponding decrease in property, plant and equipment for the parent entity.

(j) Leave entitlements

Liabilities relating to long service leave, which employees are entitled to take within 12 months, were classified as non-current under AGAAP, and have been reclassified to current under AIFRS. There has been no effect on the parent entity.

(i) At 1 July 2004
For the Group, there has been an increase in current provisions of $2,520,000 and a corresponding decrease in non-current provisions.

(ii) At 30 June 2005
For the Group, there has been an increase in current provisions of $3,337,000 and a corresponding decrease in non-current provisions.

NOTE 38. EXPLANATION OF TRANSITION TO AIFRS (CONTINUED)

NOTES TO THE RECONCILIATIONS (CONTINUED)

(k) Prepayments

Prepayments have been re-classified as receivables.

(i) At 1 July 2004

For the Group, there has been an increase in current receivables of $3,180,000 and a corresponding decrease in other current assets. There has been an increase in current receivables of $91,000 and a corresponding decrease in other current assets for the parent entity.

(ii) At 30 June 2005

For the Group, there has been an increase in current receivables of $2,421,000 and a corresponding decrease in other current assets. There has been an increase in current receivables of $63,000 and a corresponding decrease in other current assets for the parent entity.

NOTE 39. POST BALANCE DATE EVENTS

No other matters or circumstances have arisen since 30 June 2006 that have significantly affected, or may significantly affect:

(i) the consolidated entity's operations in future financial years; or

(ii) the results of those operations in future financial years; or

(iii) the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The financial statements and notes set out on pages 51 to 107 and the remuneration report on pages 34 to 45 are in accordance with the Corporations Act 2001, including:

(i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; 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; and

(c) The audited remuneration disclosures set out on pages 34 to 45 of the Annual Report comply with AASB 124 Related Party Disclosures and the Corporation Regulations 2001.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

J S KENIRY
DIRECTOR

R J LOTZE
DIRECTOR

Sydney
21 August 2006

AUDIT OPINION

In our opinion:

1. the financial report of Ridley Corporation Limited:
   - gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Ridley Corporation Limited and the Ridley Corporation Group (defined below) as at 30 June 2006, and of their performance for the year ended on that date; and
   - is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001; and
2. the remunerations disclosures that are contained in the remuneration report comply with Accounting Standard AASB 124 Related Party Disclosures (AASB 124) and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

SCOPE

THE FINANCIAL REPORT, REMUNERATIONS DISCLOSURES AND DIRECTORS' RESPONSIBILITY

The financial report comprises the balance sheet, income statements, cash flow statements, statements of recognised income and expense, accompanying notes to the financial statements, and the directors' declaration for both Ridley Corporation Limited (the Company) and the Ridley Corporation Group (the consolidated entity), for the year ended 30 June 2006. The consolidated entity comprises both the Company and the entities it controlled during that year.

The Company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 124, under the heading "remuneration report" in the Annual Report, as permitted by the Corporations Regulations 2001.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

AUDIT APPROACH

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

S J BOURKE
PARTNER

PricewaterhouseCoopers

Sydney
21 August 2006

	NUMBER OF HOLDERS	NUMBER OF SECURITIES	% HELD BY 20 LARGEST HOLDERS
HOLDINGS OF SECURITIES – ORDINARY SHARES			
Each fully paid	8,511	281,763,824	71.33

	NUMBER OF ORDINARY SHAREHOLDERS	NUMBER OF ORDINARY SHARES
DISTRIBUTION OF HOLDINGS – ORDINARY SHARES		
1 to 1,000*	1,418	615,107
1,001 to 5,000	3,479	10,143,521
5,001 to 10,000	1,807	13,030,269
10,001 to 100,000	1,719	39,870,447
100,001 and over	88	218,104,480

* There are 428 holders of less than a marketable parcel of shares.

NAME OF SHAREHOLDERS	NUMBER OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
TWENTY LARGEST FULLY PAID SHAREHOLDERS		
National Nominees Ltd	42,283,136	15.01
RBC Dexia Investor Services Aust Nominees (BKCUST A/c)	37,027,171	13.14
Westpac Custodian Nominees Ltd	31,419,012	11.15
J P Morgan Aust Nominees Ltd	29,688,795	10.54
Citicorp Nominees Pty Ltd	21,848,206	7.75
Cogent Nominees Pty Ltd	7,335,408	2.60
Queensland Investment Corporation	5,071,931	1.80
RBC Dexia Investor Services Aust Nominees (PIIC A/c)	3,585,471	1.27
Sandhurst Trustees Ltd (SISF A/c)	3,324,549	1.18
AMP Life Ltd	3,023,393	1.07
RBC Dexia Investor Services Aust Nominees (Pipooled A/c)	2,970,095	1.05
Triguboff Management Pty Ltd	2,456,356	0.87
Victorian Workcover Authority	1,697,445	0.60
Citicorp Nominees P/L (CFSIL Cwlth Shares 18 A/c)	1,640,382	0.58
Citicorp Nominees P/L (CFSIL Cwlth Shares 14 A/c)	1,534,000	0.54
ANZ Nominees Ltd	1,533,088	0.54
Merrill Lynch Aust Nominees (BPB A/c)	1,403,268	0.50
Fortis Clearing Nominees (Settlement A/c)	1,092,636	0.39
Transport Accident Commission	1,082,265	0.38
ANZ Nominees Ltd (Income Reinvestment Plan)	1,047,270	0.37
	201,063,877	71.33

SUBSTANTIAL SHAREHOLDERS

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

Investors Mutual Limited	16.58%
Perennial Value Management Ltd / IOOF	11.43%
Lazard Asset Management	9.05%
National Australia Bank	5.28%

SHAREHOLDER INFORMATION AS AT 21 AUGUST 2006 (CONTINUED)

DIRECTORS' HOLDINGS

On 21 August 2006, the directors of Ridley Corporation Limited had an interest in the following shares and employee options of the Company.

	FULLY PAID ORDINARY SHARES	RIDLEY EMPLOYEE OPTIONS	RIDLEY INC SHARES	RIDLEY INC EMPLOYEE OPTIONS
J S Keniry	577,623	–	800	14,000
M P Bickford-Smith	588,316	2,500,000	–	–
E B Bryan	32,073	–	–	–
R J Lee	69,366	–	–	–
R J Lotze	110,365	–	–	–
A L Vizard	19,158	–	–	–

VOTING RIGHTS

As at 21 August 2006, the number of holders of fully paid ordinary shares with full voting rights was 8,511. On a show of hands, every person present who is a member or a representative of a member has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share held. A shareholder may appoint a maximum of two proxies to represent them at general meetings.

AUSTRALIAN STOCK EXCHANGE

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

TORONTO STOCK EXCHANGE

Ridley Inc (69% owned by Ridley Corporation Limited) is listed on the Toronto Stock Exchange and trades under RCL.

RIDLEY WEBSITE – WWW.RIDLEY.COM.AU

The website provides access to announcements issued to the Australian Stock Exchange, copies of annual reports, corporate governance information and shareholder information.

SHARE REGISTRY

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President and Chief Executive Officer
S J VanRoekel