RIDLEY

RIDLEY CORPORATION ANNUAL REPORT 2005

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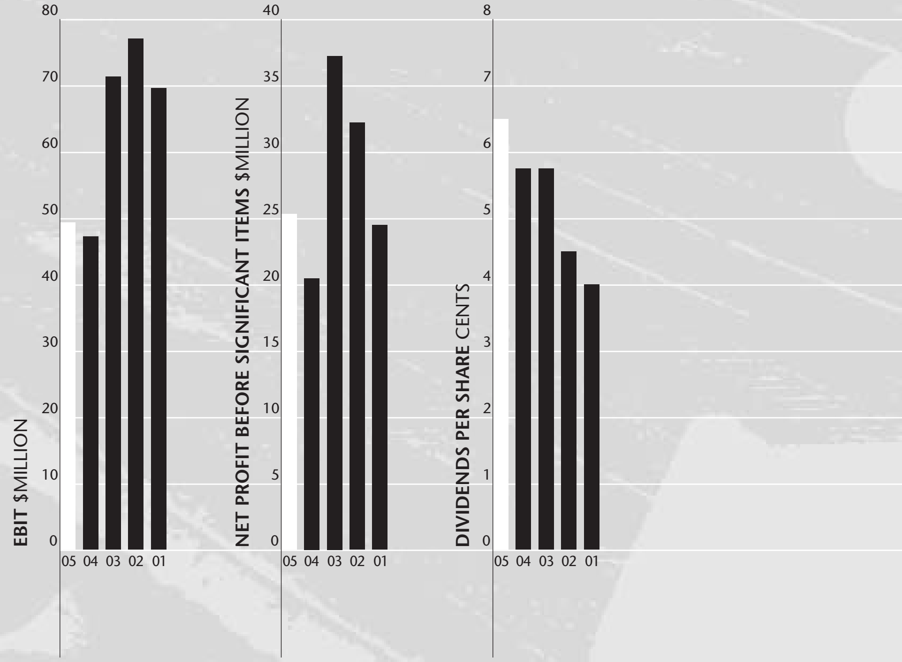
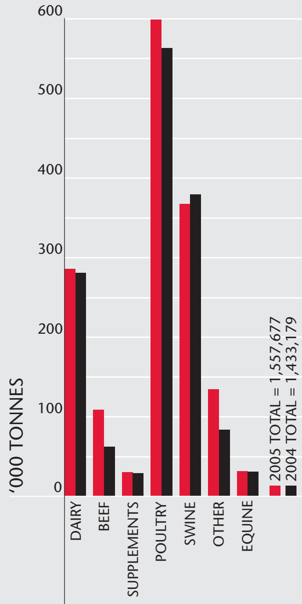
RIDLEY



CORPORATION

RIDLEY IS AUSTRALIA'S LARGEST LIVESTOCK FEED MANUFACTURER AND MARKETER, AND PRODUCER/REFINER OF SALT FOR FOOD AND INDUSTRIAL MARKETS. ITS 69% OWNED SUBSIDIARY, RIDLEY INC, RANKS AMONG THE LARGEST LIVESTOCK FEED MANUFACTURERS IN NORTH AMERICA



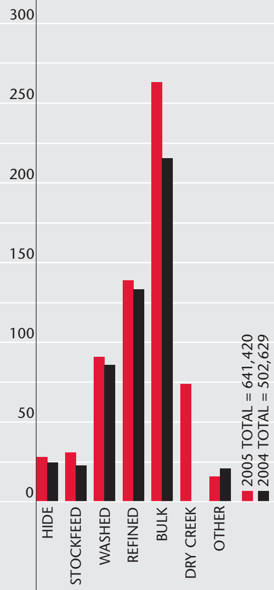
AUSTRALIA FEEDS

Sales $443 million up 1%

EBIT $15 million up 108%

FEATURES

- Improvement in poultry, beef and supplements volumes
- Steady grain markets
- Costs contained
- Industry consolidation



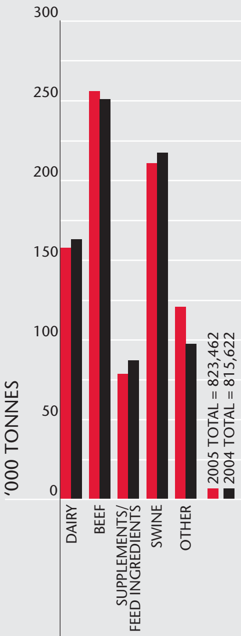
SALT

Sales $72 million up 8%

EBIT $18 million down 7%

FEATURES

- Increased volumes
- Increased energy/transport/ packaging costs
- Acquisition of Dry Creek salt field



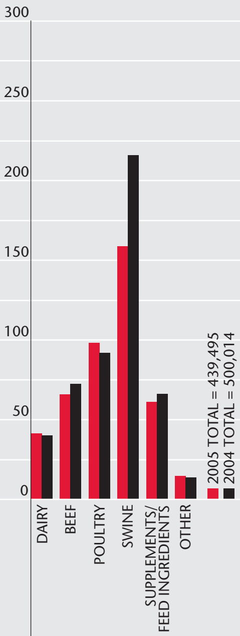
US FEEDS

Sales $380 million down 7%

EBIT $14 million down 18%

FEATURES

- Volatile ingredient markets
- Margins
- Cost reduction program



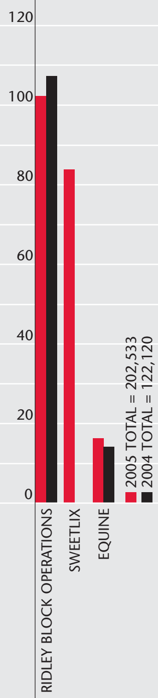
CANADA FEEDS

Sales $159 million down 11%

EBIT $4 million down 54%

FEATURES

- Lower volumes – swine and beef
- Volatile ingredient markets
- Cost reduction program
- St Paul, Alberta plant closure



RIDLEY NUTRITION SOLUTIONS

Sales $99 million up 58%

EBIT $10 million up 15%

FEATURES

- Sweetlix acquisition
- Transport disruption/plant shutdown 1st half
- Ongoing border closure US/Canada border closed 26 months
- Molasses pricing/margins

FIVE YEAR SUMMARY $'000	2005	2004	2003	2002	2001
OPERATING RESULTS					
Sales revenue	1,153,872	1,179,348	1,410,888	1,408,284	1,378,790
Other revenue	9,502	8,714	7,605	14,755	13,992
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	73,284	70,776	98,764	105,947	98,582
Earnings before interest and tax*	49,338	47,278	71,344	77,062	69,627
Net interest expense/finance charge	9,877	10,720	13,046	17,747	21,797
Operating profit before tax*	39,461	36,558	58,298	59,315	47,830
Tax expense	9,764	11,828	14,616	20,720	17,831
Net profit before significant items	29,697	24,730	43,682	38,595	29,999
Outside equity interests (OEI)	4,384	4,240	6,449	6,400	5,501
Net profit before significant items after OEI	25,313	20,490	37,233	32,195	24,498
Significant items – net of tax and OEI	9,272	(2,790)	(5,935)	–	(12,406)
Net profit after tax and significant items	34,585	17,700	31,298	32,195	12,092
FINANCIAL POSITION					
Ridley shareholders' funds	331,729	319,049	317,644	302,931	279,454
Outside equity interests	50,219	49,573	47,574	48,770	46,967
Total assets	728,898	657,490	702,775	766,271	829,415
Total liabilities	346,950	288,868	337,557	414,570	502,994
Funds employed	509,171	467,096	491,510	531,828	599,640
KEY RATIOS					
Net debt/EBITDA (times)	2.2	1.7	1.5	1.8	3.0
EBITDA/net interest (times)	7.4	6.6	7.6	6.0	4.6
Net debt/shareholders' equity	43.0%	33.4%	41.2%	54.9%	89.6%
Return on shareholders' funds*	7.8%	6.4%	12.0%	11.1%	9.1%
OTHER INFORMATION					
Dividends per share (cents)	6.50	5.75	5.75	4.50	4.00
EBITDA per share* (cents)	27.0	26.4	37.1	43.2	41.2
Net tangible asset backing per share (cents)	104.9	104.4	103.7	96.3	93.3
Earnings per share* (cents)	9.3	7.7	14.0	13.1	10.2
Number of ordinary shareholders	9,572	11,075	11,859	13,420	13,732
Employees	2,142	2,064	2,109	2,299	2,214

* Before significant items

HIGHLIGHTS 2005

THE DRY CREEK SALT FIELD ACQUISITION, TOGETHER WITH THAT OF SWEETLIX, A LIVESTOCK FEED SUPPLEMENT BUSINESS IN THE US, WILL GIVE THE COMPANY THE MOMENTUM IT NEEDS TO BUILD ON THE CONSIDERABLE GAINS WE HAVE MADE AND IMPROVE PERFORMANCE IN THE COMING YEAR

CHAIRMAN'S REVIEW

It is pleasing to report that results were well up on last year.

We saw a strong recovery in our Australian AgriProducts business. Our salt business completed a significant acquisition which is highly cash generative and will provide Ridley with a secure and a significant income stream. Ridley Inc continued to grapple with the US/Canada border closed to live cattle shipments, but posted a credible result supported by a strong cost reduction program implemented earlier in the year.

While results were well up, they are still not at levels we consider satisfactory. However, the Dry Creek salt field acquisition, together with that of Sweetlix, a livestock feed supplement business which will further develop our block business in the US, will give the company the momentum it needs to build on the considerable gains we have made and improve performance in the coming year.

On a broader level, livestock production economics have been better in the last 12 months than previously and the outlook is generally favourable for the coming year. It is, however, disappointing to see that no worthwhile progress has been made on WTO agreements. This will be another setback for agriculture world-wide and will put additional strain on the intensive livestock sector in Australia where increasingly we are being exposed to competition from exports from countries where our competitors are subsidised to varying degrees.

Law suits were filed in Alberta, Saskatchewan, Quebec and Ontario in April 2005 against the Government of Canada, Ridley Inc, our 69% owned Canadian subsidiary and Ridley Corporation Limited. The law suits seek to certify class actions to include all Canadian cattle farmers who allegedly suffered damage as a result of international bans on the import of Canadian beef and cattle, introduced when a BSE infected cow was diagnosed in Alberta in May 2003.

Ridley is strenuously defending the claims, which are being carefully monitored by the Board. For more information, see the Managing Director's report.

Consistent with contemporary standards, we have once again reported on our sustainability initiatives in a separate section of this report. As a company, Ridley has always been alive to our environmental and broader sustainability objectives and this year we are reporting on our OH&S initiatives and emissions performance.

On behalf of my fellow board members I thank Matthew Bickford-Smith, his executive team and all staff at Ridley for their hard work and dedication. We can look forward to the coming year with some optimism.

JOHN S KENIRY
Chairman

THIS YEAR SAW AN IMPROVEMENT IN RIDLEY'S RESULTS AS COMPARED TO LAST YEAR. HOWEVER OUR ABSOLUTE RETURNS ARE STILL NOT AT LEVELS THAT WE EXPECT FROM OUR VARIOUS BUSINESSES

MANAGING DIRECTOR'S REVIEW

This year saw an improvement in Ridley's results as compared to last year when the company was faced with what we then referred to as "a perfect storm". However our absolute returns are still not at levels that we expect from our various businesses. In some part, specifically in Ridley Inc, our businesses have yet to start recovering from the effects of the US/Canada border being closed for almost 26 months. In Australia, despite a significant improvement in our feed business, sales into the important dairy sector have only very recently begun to respond to the significant improvement in the economic conditions of dairy producers.

Detailed results for each of our businesses are provided on pages 14 to 19 of this report. As shareholders will read, expectations of a substantial improvement in our Australian feed business were realised. Cheetham Salt had a more difficult year dealing with a range of challenges. But on a positive note Cheetham successfully acquired and integrated the Dry Creek salt field, which was purchased from Penrice Soda Holdings Limited for $54.5 million in May 2005. Penrice's competitive position is supported by its unique proximity to both its key raw materials, salt and limestone, and major customers. Returns from this investment are largely secured through a long-term take or pay contract with Penrice that underpins approximately 80% of the yearly salt sales from Dry Creek.

The acquisition is highly cash generative; in 2006 it is expected to produce EBITDA of $7 million with minimal capital expenditure requirements. Opportunities also exist to capture a range of operating synergies.

Ridley Inc had a weak start to the year as a direct result of unusually volatile ingredient markets, combined with hurricane related disruptions in the south eastern part of the US. An aggressive cost reduction program across both the US and Canada saw earnings recover over the remainder of the year. However, results in Ridley Inc still ended the year somewhat short of our original expectations.

As mentioned in the Chairman's review, law suits filed in Canada seek to certify class actions by cattle farmers who allegedly suffered damage as a result of international bans on the import of Canadian beef and cattle, introduced when a BSE infected cow was diagnosed in Alberta in May 2003. The claims are novel, and seek to extend Canadian law into untested areas.

The law suits are factually and legally complex. The allegations include – that Ridley Inc supplied contaminated feed to the infected cow, and that Ridley Inc and Ridley Corporation are responsible for the loss and damage caused to Canadian cattle farmers. At all times, Ridley Inc and Ridley Corporation complied with relevant regulations in Canada and in Australia, and it is not alleged otherwise.

The Government of Canada, and both Ridley Inc and Ridley Corporation have sought to have the Ontario action (which is the focus of attention at this time) struck out before trial. These applications are expected to be heard in mid-November 2005.

Discussions with insurers are continuing. The legal costs are in our budgets, and are being carefully managed. For the financial year 2006, we expect the legal costs will impact our net earnings by $2.3 million.

A considerable amount of time and energy was spent during the year reviewing a range of options relating to the corporate structure of Ridley. Whilst management had formulated a preferred strategy, in light of the Canadian law suits that have been filed against Ridley Inc and Ridley Corporation, those plans have been deferred and other alternatives will be considered.

"A CONSIDERABLE AMOUNT OF TIME AND ENERGY WAS SPENT DURING THE YEAR REVIEWING A RANGE OF OPTIONS RELATING TO THE CORPORATE STRUCTURE OF RIDLEY."

PRODUCTION ECONOMICS

In Australia, livestock production economics were generally favourable. The dairy sector is now moving into a growth phase. Global demand and price points for dairy are close to historical highs and are projected to remain strong for some time.

The swine market has continued to contract reflecting a gradual retreat from export markets by some operators and the ongoing destabilising influence of imports into Australia from Denmark, Canada and more recently the US. Whilst the industry has received some good news recently with regards legitimacy of imports, it is too early to be certain whether supply and demand will stabilise at current or improved levels.

Poultry experienced growth across each of the sectors – broiler, layer, turkey and duck – with volumes supplied into those markets being such that capacity was for a lot of the year at its limits. The expectation is that markets will continue to grow and, to this end, capital expenditure has been committed to ensure our productive capacity can meet our customers' demand.

Growth in beef markets was very strong with feed volumes produced by Ridley more than doubling and ensuring a significant improvement in the utilisation of our dedicated capacity. We expect demand to remain strong into 2006.

In North America, swine producers are enjoying a second year of strong returns, having survived a long period of price declines. Following record highs in 2004, milk prices in the dairy industry remain strong.

Increasing productivity will likely be countered by gradual changes in the dairy herd, allowing milk production to track population growth. Poultry producers are seeing high prices, which should lead to production increases this year. Steady growth in chicken consumption is expected to continue, but the rapid expansion in production is expected to moderate in the long term. Rapid recent expansion in the US layer flock has occurred and created an over-supply situation for eggs and deteriorating conditions for egg prices in the coming year.

In Canada, milk, eggs and poultry are quota-managed, as a result producers are not subject to the full extent of market price fluctuations.

Beef producers on both sides of the border operated under conditions that largely mirrored the highly uncertain situation last year. In the US, the BSE situation and ban on most US beef exports did not drastically impact producers, with excess supplies offset by reduced Canadian beef imports. But Canadian beef producers continued to struggle, as the US and others continued to restrict the importation of Canadian live cattle. Some of the uncertainty appears to have been resolved when the US Appeal Court overturned a temporary injunction banning Canadian cattle imports in July this year. The border has been reopened and cattle are being shipped to the US, but it is uncertain whether the situation has been completely resolved.

OUTLOOK

In Australia, improved earnings experienced in 2005 should continue. Cheetham Salt will benefit from the inclusion of a full year contribution from the Dry Creek salt field. With the reopening of the US/Canada border to live cattle shipments there is the expectation of improved market conditions for Canadian beef farmers. Canadian feed earnings are expected to improve gradually as a result. US market conditions are likely to remain competitive.

“IN AUSTRALIA, IMPROVED EARNINGS EXPERIENCED IN 2005 SHOULD CONTINUE. CHEETHAM SALT WILL BENEFIT FROM THE INCLUSION OF A FULL YEAR CONTRIBUTION FROM THE DRY CREEK SALT FIELD.”

We remain optimistic that the combination of generally favourable livestock production economics, together with continued investment in our assets and sales activities, and a continuing focus on cost containment will yield further improvements in the coming year.

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

MATTHEW P BICKFORD-SMITH
Managing Director and Chief Executive Officer

	PERFORMANCE SUMMARY	FEATURES
	– EBIT increased from $7.0 million to $14.6 million. – Sales volume up by 8.7%. – Ongoing cost containment. – Aquafeeds lifted earnings by 90% due to growth in key markets, increasing profile in the prawn and barramundi sectors. – CCD lifted earnings 91% due to increased industry activity, reduced costs and new agency arrangements.	– Improved utilisation of milling capacity. – Queensland showed significant gains due to favourable climatic conditions and Asian demand for Australian beef. – Joint venture with Tableland Stockfeed Specialists (TSS) in far north Queensland pooled the two companies' Atherton feeds businesses and consolidated manufacturing into Ridley's Atherton mill. – Slower than anticipated recovery in dairy.
	– EBIT $18.1 million down 7%. – Sales volumes up 28%. – Performance impacted by product mix. – Energy related cost increases. – Increased market share, primarily in the hides and skins sector.	– Acquisition of the Dry Creek salt field provides secure income stream, backed by long-term supply agreement.
	– US Feeds EBIT $14.4 million, down 18%, sales volumes up 1%. – Canada Feeds EBIT $3.9 million, down 46%, sales volumes down 14%. – Ridley Nutrition Solutions EBIT $9.7 million up 15%, sales volumes up 65% due to Sweetlix acquisition.	– Sweetlix feed supplements business acquired. – Ridley Nutrition Solutions established comprising low moisture block operations, specialty products, Sweetlix feed supplements and equine nutrition business (McCauley Bros). – Cost reduction program yielded net benefit of $7.4 million. – Management succession plan implemented. – Canadian law suits.

PROGRESS AGAINST PRIORITIES	KEY OBJECTIVES THIS YEAR
– Safety performance initiatives reduced LTIFR by 20% from 29.1 to 23.2. – Decision to focus on 3 primary brands. – Supply chain initiatives benefited Packaged Products unit nationally lifting earnings. – Embarked on integrated training program for management and focused on skills based training for mill operators.	– LTIFR target 18. – Capture new opportunities through reinvigorated brands. – Identify and capture opportunities to source new raw materials. – Complete upgrade of Wacol supplements production facility. – Anticipate and prepare for changes in food safety legislation. – Improve cost efficiency and service in additive supply to mills.
– LTIFR reduced from 10 to 6. – All major sites ready for certification to ISO 14001. – Price salt field yields a 20% increase in output through establishment of recycling system. – Retail product launched in Japan. – Salt recycling facility developed with CSIRO. – Wakool site attached to Murray Irrigation District produces saleable salt for first time in 20 years.	– LTIFR target set at 5. – Supply chain initiatives to reduce warehousing and distribution costs. New warehouses to be constructed at Bajool and Price to optimise product delivery. – Deliver on investment in Japanese retail products. – Prioritise available investment opportunities.
– Ridley Equine Center opened and a new line of equine feeds launched. – In partnership with Dupont in US and Canada commenced implementation of a comprehensive safety system called Safety First.	– LTIFR target 8, 20% reduction. – Safety will be major focus in coming year with aim to achieve equal to or better than industry performance averages. – Review asset configuration in Canada and the US to increase return on investment. – Leverage investment in equine business (McCauley Bros, Ridley Equine Center).

SUMMARY OF OPERATIONS

OUR CASH FLOW GENERATION REMAINED STRONG. THIS ALLOWED FOR TWO SIGNIFICANT BUSINESS ACQUISITIONS TO BE COMPLETED DURING THE YEAR WITH ONLY A MODEST INCREASE IN DEBT LEVELS

FINANCIAL REVIEW

OVERVIEW

A strong recovery in earnings from our Australian feed business, Ridley AgriProducts, was the main contributor to the improvement in net operating profit. Our cash flow generation remained strong. This allowed for two significant business acquisitions to be completed during the year with only a modest increase in debt levels. We increased dividends for the year by 13% and took advantage of the benefits flowing from participation in the Tax Consolidation System which will reduce the amount of tax we pay in future years and simplify the filing of tax returns.

EARNINGS PERFORMANCE

Net profit for the year was $34.6 million after a significant item of $9.3 million. This was 95% up on the $17.7 million reported last year.

Net profit from operations was $25.3 million, which was 24% higher than last year.

	2005 $'000	2004 $'000
Sales revenue	**1,153,872**	1,179,348
EBIT	**49,338**	47,278
Less: Borrowing costs	**9,877**	10,720
Operating profit before tax	**39,461**	36,558
Less: Tax expense	**9,764**	11,828
Outside equity interests	**4,384**	4,240
Net profit from operations	**25,313**	20,490
Significant item – net	**9,272**	(2,790)
Net profit	**34,585**	17,700

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT for the year was $49.3 million, up 4% on last year. The improvement was almost entirely due to the strong recovery in AgriProducts, where volumes increased 9% and earnings improved by 108% to $14.6 million. Earnings in the previous year had been depressed following the drought period of 2003/2004. This year, sales volumes to the beef and poultry sectors were particularly strong with increases also in dairy and sheep feed. Volumes to the pig sector fell slightly reflecting the poor economics faced by pork producers. Overall, margins improved slightly and overhead costs were trimmed. AgriProducts' specialist business units, Aquafeeds and CCD, performed well ahead of last year. $1.0 million received on the formation of a joint venture also increased earnings.

Earnings from our Salt Division were $18.1 million, down 7% from last year's $19.6 million. Ridley's wholly owned salt business, Cheetham Salt, produced EBIT of $12.9 million, down almost 10% from the $14.4 million recorded in 2004. Volumes (excluding the newly acquired Dry Creek salt field) were up by 13% due mainly to bulk shipments. Increased energy, transport and packaging costs and the mix of product sales reduced the overall earnings performance. A small positive earnings contribution from the Dry Creek salt field, acquired in late May 2005, was offset by costs associated with increased marketing activities in Japan. Profits from our joint venture operations (principally the Salpak salt marketing business in Australia and Dominion Salt in New Zealand) were virtually unchanged from last year at $5.2 million.

Following particularly poor results in the first quarter of the year when sluggish volumes, high costs and losses associated with volatile ingredient markets negatively impacted the business, earnings from US Feeds at $14.4 million were 18% lower than the $17.6 million recorded in 2004. Sales volumes were virtually unchanged, up 1%, but margins overall were lower. An aggressive cost reduction program was implemented in the second quarter, which assisted full year earnings. Earnings were positively impacted by $3.3 million relating to the settlement of claims made against ingredient suppliers in earlier periods.

In Canada, earnings of $3.9 million were down 46% on last year's $7.2 million. Sales volumes were 14% lower than 2004 due to the loss of a number of large swine customers reflecting the poor industry economics that prevailed in 2004. The continuing closure of the US/Canada border to live cattle shipments also had a negative impact on beef feed sales. The downturn in earnings was exacerbated by losses stemming from volatile ingredient markets early in the year and the closure and subsequent write down of a plant in St Paul, Alberta. Following a cost reduction program similar to that implemented in the US, earnings in the second half of the year returned to a more satisfactory level.

Our Ridley Nutrition Solutions business, which includes the US block operations, equine nutrition and the newly acquired Sweetlix feed supplement business, recorded earnings of $9.7 million up almost 15% compared to last year's $8.5 million. This increase was due to the inclusion of the Sweetlix business, whose volumes recovered well after a slow first quarter when hurricanes in south eastern US significantly disrupted business activity. This was partly offset by reduced low moisture block volumes which continued to be impacted by the uncertainties created by the US/Canada border closure and, to a lesser extent, increased transportation costs.

Earnings from discontinued operations totalled $0.2 million compared to losses of $1.9 million in 2004. (Ridley Inc divested its Cotswold swine genetics business in Europe and North America in previous years.)

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 $10.7 million to $11.5 million. Despite reductions in corporate costs, the legal costs incurred in defending the Canadian law suits and costs incurred in respect of a potential tax restructuring of Ridley Inc which totalled $1.9 million, increased the overall total.

Our entry into the Tax Consolidation System produced a one-off tax benefit of $9.3 million. This was recorded as a significant item. The cash benefit of reduced taxes will be realised in future years. In 2004, a net loss of $2.8 million was recorded in respect of Ridley Inc's provision for its exposure to a significant swine customer.

INTEREST EXPENSE

Interest costs for the year were lower than in 2004 reflecting lower average debt levels during the year. Interest expense for the year was $10.4 million, $1.0 million lower than last year, with borrowing costs for the year averaging 6.7% compared with 7.1% last year.

DIVIDENDS

Dividends increased to 6.50 cents per share partly franked. This is up from 5.75 cents per share last year. Looking forward we expect our franking rate will be at least 50%.

INCOME TAX

Income tax expense for the year, excluding the significant item, was lower than last year partly due to relatively lower overseas earnings which are taxed at higher rates than in Australia. Total income tax of $9.8 million averaged 25% of pre tax earnings compared to $11.8 million and 32% last year.

CASH FLOW

Before acquisition spending, we generated $34.4 million of cash flow for the year, a similar amount to last year. Reductions in working capital of $13.7 million and increased earnings were offset by increases in capital expenditure (up from $19.9 million last year to $22.9 million) and tax payments which were $8.7 million higher than last year.

This year we spent $79.4 million on acquisitions, notably Sweetlix in North America and the Dry Creek salt field in South Australia, compared to just $6.8 million last year.

Net debt levels increased by $40.7 million during the year. Acquisition funding of $79.4 million was substantially offset by cash debt repayments of $34.4 million and favourable currency movements of $4.3 million on the translation of US and Canadian denominated debt to Australian dollars.

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 million in revenue to us.

CONTINGENT LIABILITY

This year we have noted a contingent liability in respect of the law suits filed in Canada. We are actively defending the claims. It is not possible to determine what impact, if any, these law suits may have on Ridley Corporation or Ridley Inc.

BALANCE SHEET AND KEY RATIOS

	2005 $'000	2004 $'000
Gross bank and other debt	**175,097**	135,002
Less: Cash	**10,987**	11,563
Net debt	**164,110**	123,439
Total liabilities/Total tangible assets	**52.8%**	48.2%
Net debt/Shareholders' equity	**43.0%**	33.4%
Net debt/EBITDA (times)	**2.2**	1.7
EBITDA/Net interest (times)	**7.4**	6.6
Return on Shareholders' funds*	**7.8%**	6.4%
Return on funds employed*	**9.1%**	8.8%
Earnings per share* (cents)	**9.3**	7.7

* Before significant items

EXCHANGE RATE

Overseas earnings are translated into Australian dollars at an average exchange rate for the year. The statements of financial position are translated at the ruling year end rate. Major exchange rates applicable were as follows:

		2005	2004
Average	US$:A$	**.7495**	.6964
	C$:A$	**.9398**	.9292
Year end rates	US$:A$	**.7640**	.6890
	C$:A$	**.9495**	.9287

ISSUED CAPITAL MOVEMENTS

During the year, 4.0 million shares were issued for a consideration of $5.6 million under the Dividend Reinvestment Plan and the Incentive Option Plan.

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 2005, approximately $142.5 million of gross debt was subject to fixed rates of interest for periods up to three 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 a softening insurance market, has led to a reduction in premiums of 9%, 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

ATHERTON 1
ROCKHAMPTON 2
WONDAI 3
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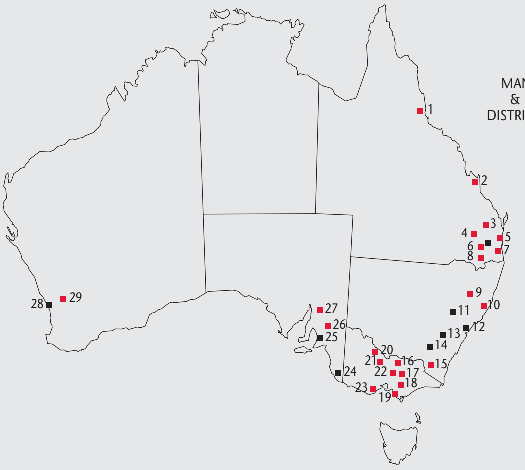
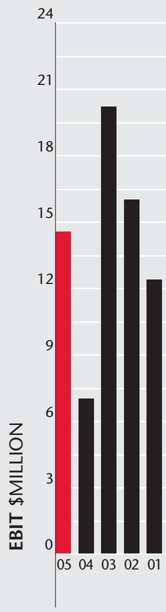




AGRIPRODUC

RIDLEY AGRIPRODUCTS IS THE LARGEST MANUFACTURER AND MARKETER OF STOCKFEED IN AUSTRALIA. OUR 22 STOCKFEED MILLS AND TWO SUPPLEMENT BLOCK PLANTS PRODUCE HIGH PERFORMANCE FEEDS FOR THE BEEF, DAIRY, PIG, POULTRY, HORSE, SHEEP, PET FOOD AND AQUACULTURE INDUSTRIES

AgriProducts enjoyed a more balanced utilisation of its mills, which reflects the performance of the key species markets in which we operate and the benefits of previous years' attention to cost structures and changes to organisational structure. These have flowed through into significant cost savings in the business. As a result EBIT lifted from $7.1 million in 2004 to $14.6 million this year and sales volume was up by 8.7%.

AgriProducts' Queensland operations showed significant gains, as a result of favourable climatic factors and driven, in the case of the beef sector, by Asian demand for Australian beef. With North America shut out of Asia because of BSE, Australian beef has substantially increased its share of key north Asian beef markets.

Two business units that performed particularly well were Aquafeeds and CCD. Good growth seasons in a number of key aquaculture markets and Ridley's increasing profile in the prawn and barramundi markets, lifted Aquafeeds' earnings by around 90%. The benefits secured during this calendar year are expected to be consolidated as we move into 2006.

TS

Earnings from our CCD business, which deals with micro additives and feed related ingredients, lifted by approximately 91%. This was as a result of increased activity in the market generally aligned with the stockfeed industry; significant reduction in costs, particularly relating to warehousing; and the establishment of new agency arrangements, the primary benefits of which will flow in 2006.

The Packaged Products unit enjoyed improved margins, materially lifting its earnings. A significant portion of the growth enjoyed during the year flowed from supply chain initiatives which improved AgriProducts' positioning in the pet food and companion animal market. A number of other initiatives were advanced, the end result of which will be a rationalisation of our product range. Decisions to focus on three primary brands (Barastoc, Rumevite and Cobber) in the market, instead of more than 20, a reduction in the weight of packs to 20kg, and new packaging materials and graphics across the full product range will reinforce the company's market presence.

The supplements business saw a lift in volume, largely in line with market growth. However, labour costs continue to compromise the operation. A decision has been made to upgrade the Wacol production facility, with $6.4 million already committed to ensuring: 1) that the productive capacity is better matched to market needs; 2) that the facility can cope with the fluctuating demands dictated by seasonal circumstances; and 3) that substantial mechanisation and automation of the manufacturing operations will result in a reduction in unit manufacturing costs.

The export business had a difficult year in the face of the firming and relatively strong Australian dollar. The loss of some premix business early in the year somewhat compromised performance. However, significant market development opportunities have been identified in the equine markets in Asia and the Middle East and should position the business for improved performance in 2006.

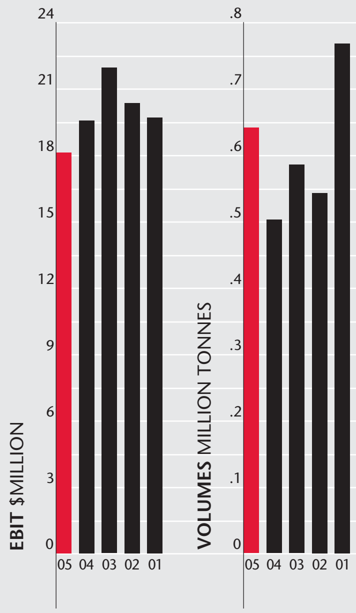
During the year Ridley entered into a joint venture with Tableland Stockfeed Specialists (TSS) in far north Queensland, which effectively pooled our Atherton feeds business with that of TSS and consolidated manufacturing into Ridley's Atherton mill. The joint venture was predicated to some extent on the recent contraction in the markets, in particular dairy. Subsequent to the formation of the joint venture, the integration of which is near completion, the market has seen some growth, with increased optimism in the dairy sector and growth projections for the Tableland's broiler business.

Across the broader bulk business there were significant shifts in the key species areas. While dairy volume lifted somewhat on 2004, the demand fell substantially short of expectations and reflected the extended recovery period from the 2003 drought and a slow recognition on the part of producers as to the strength of global demand for dairy products. However, towards the end of the financial year, there was a substantial lift in optimism. This is reflected in a significant lift in the intensity of feeding and consequent demand on dairy feeds.

Overall, animal production in Australia is still going through a period of post drought recovery. However, some sectors are rebounding more rapidly than others. The beef sector is enjoying a highly favourable trading environment. Poultry is largely immune to the flow-on effect of the drought and is broadly growing in line with expectations. While the dairy sector is continuing to languish somewhat, there is, clearly, greater optimism among our customer base.

In the coming year we will continue to grow our existing business, capture new opportunities through our reinvigorated brands and presence in the market, find further cost efficiencies in our manufacturing facilities and identify and capture opportunities to source new raw materials.

REVIEW OF OPERATIONS



CHEETHAMS

CHEETHAM SALT LIMITED IS AUSTRALIA'S LARGEST PRODUCER AND REFINER OF SALT. IT OPERATES 12 SOLAR SALT FIELDS WITH TOTAL PRODUCTION OVER 1.4 MILLION TONNES ANNUALLY AND 11 REFINERIES THAT PRODUCE A VARIETY OF SALT GRADES

EBIT of $18.1 million was down $1.5 million on last year. Performance was impacted by product mix issues and energy related cost increases. These factors were, however, partly offset by gains in market share.

Despite a contracted, post drought market, Cheetham managed to increase market share, primarily in the hides and skins sector as result of a salt recycling facility developed in conjunction with CSIRO at the Corio refinery. This plant accepts the used salt from hide and skin manufacturers, removes the organics and then recycles the cleaned salt for resale. Previously this used salt was sent to landfill. Sales to the Queensland agricultural sector were also up on last year.

Record-high shipping costs and a strong Australian dollar provided a highly challenging export environment for bulk sales into Asia. Bulk sales to New Zealand were up and Cheetham took advantage of the deregulation of salt markets in Taiwan and Korea to explore new opportunities where demand for natural products is strong. Market penetration into Taiwan will be supported by a marketing campaign.

ALT

In Japan, as in Australia, profitability was affected by shipping costs at record levels and a strong Australian dollar compared to the US dollar. This challenging environment resulted in strong competition in the commercial sector from Chinese and Mexican sourced salt and as a result overall gross profit was marginally behind last year. Cheetham opened a branch office in Tokyo in August 2003. Later that year an import licence was granted and by January 2004 agreements had been signed for warehousing and distribution of wholesale and retail products. In 2005, our retail product was successfully launched.

In Indonesia, our strategy to gain higher value customers was successful, with EBIT up 29% on last year.

After finalising the purchase of the Dry Creek salt field from Penrice Soda Holdings in May 2005, Cheetham has integrated the operation into the broader business. The acquisition has provided Cheetham with a secure and substantial income stream backed by a solid “take or pay” contract. On the outskirts of Adelaide, the 4,500-hectare salt field produces around 650,000 tonnes a year. In conjunction with the acquisition, Cheetham entered into a 14-year take or pay contract to supply Penrice with approximately 600,000 tonnes of salt a year via a dedicated brine pipeline, with an option to renew the contract for a further 14 years. The contract will provide an additional long-term stable income stream to Cheetham’s earnings.

Capital spending has been increased for the past three years to specifically upgrade plant and equipment and to ensure a safer and more efficient working environment. Cheetham’s safety systems and safety performance are rated in the top 10% of companies in Australia by the National Safety Council of Australia. Details of safety initiatives can be found in the Sustainability Report on page 20. Expenditure was made on automatic palletisers to eliminate manual handling of bagged product and deliver cost savings, a salt harvester which brings new technology to replace existing harvesting methods and a retail flake salt manufacturing and packing plant, installed at our Corio site.

Over the years, Cheetham has invested considerable resources in the area of salinity. This year these efforts have paid off. Through the use of novel crystallisation and processing techniques the Wakool operation has produced saleable salt for the first time in more than 20 years of operation. The Wakool salt field is attached to the Murray Irrigation District where it protects over 40,000 hectares of high value agricultural land. Rising groundwater is controlled using a series of bores to remove the saline water and pump it to the evaporation basins at the Cheetham Wakool site.

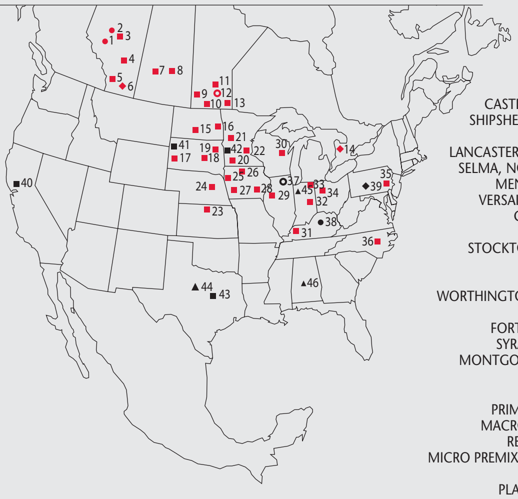
Price salt field has yielded a 20% increase in field output through the establishment of a recycling system to recover and crystallise waste brine.

Cheetham is presently implementing a range of supply chain initiatives that will reduce warehousing and distribution costs. New warehouses are presently in design for construction this year at our major refineries located at Bajool and Price. This will allow us to optimise the delivery of product to customers without reducing our very high level of in-full on-time delivery service.

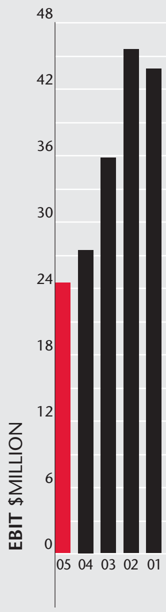
Cheetham continues to grow its chemical trading business, with a range of additional imported packaged products to be introduced to the market through the coming year.

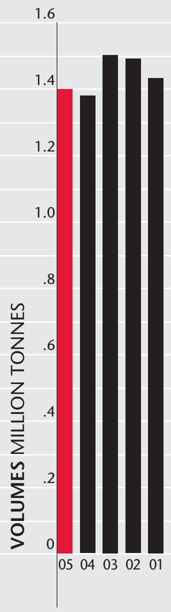
REVIEW OF OPERATIONS

ROCKY MOUNTAIN HOUSE, ALBERTA 1
RIMBEY, 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 46



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





RIDLEY INC

HEADQUARTERED IN MANKATO, MINNESOTA AND WINNIPEG, MANITOBA, RIDLEY INC IS ONE OF NORTH AMERICA'S LEADING COMMERCIAL ANIMAL NUTRITION COMPANIES. IT MANUFACTURES AND/OR DISTRIBUTES A FULL RANGE OF ANIMAL NUTRITION PRODUCTS UNDER A NUMBER OF HIGHLY REGARDED TRADE NAMES

Ridley Inc's feed businesses continue to be hampered by the effects of the US/Canada border closure and related BSE occurrences. The acquisition of Sweetlix in July 2004 added to earnings. The Sweetlix business includes three livestock feed supplement manufacturing facilities located in Montgomery, Alabama; Syracuse, Indiana; and Fort Worth, Texas. During the year Ridley Inc also acquired a feed business in Beloit, Kansas.

Our feed business Ridley Feed Operations (RFO) comprises full-line feed mills in the US and Canada, and a plant in Mendota, Illinois that produces micro feed ingredients, vitamin and trace mineral premixes and feed additives. RFO plants derive most of their business by manufacturing and marketing a broad range of complete feeds, supplements and premixes to meat, milk and egg producers, equine and companion animals located largely in the upper midwestern US and prairie provinces of Canada.

RFO's 4.7% decline in sales volume was entirely due to the performance of the Canadian plants, which were affected throughout the year by cross-border issues that hampered the ability of beef and swine producers to ship their product to the US. Profit decreased by 26% to $18.3 million reflecting lower sales volumes and a slight decrease in percentage margins. Margins slumped badly in the first quarter when there was unusual volatility in feed ingredient prices. The rapid and unexpected drop in price for soybean meal and canola meal resulted in losses on inventory and existing purchasing positions. However, margins returned to more satisfactory levels for the balance of the year, reflecting better product mix and increased focus on margin management.

In response to the demanding operating environment, RFO introduced a cost reduction plan in October 2004. All areas of the business were examined and stringent cost controls were implemented that targeted manpower reductions and discretionary spending areas. The successful program yielded a net benefit after severance costs of $7.4 million in total operating expenses.

Capital expenditures were made at a number of RFO plants to improve flexibility and efficiency, the most important of which was at the feed ingredient facility where a dedicated non-medicated packing line with a robotic palletiser was added to isolate non-medicated production from medicated materials (critical for risk management).

Following an organisational restructure in July 2004, Ridley Nutrition Solutions (RNS) was formed. It comprises the low moisture block operations, which has four production facilities and trades as Ridley Block Operations; Specialty Products; Sweetlix feed supplements; and the equine nutrition business which consists of McCauley Bros in Versailles, Kentucky and the Ridley Equine Center, opened in May this year in Chambersburg, Pennsylvania.

Revenues were up 58% to $99.3 million, all of which is attributable to the Sweetlix business. The low moisture block and equine nutrition businesses recorded sales volumes that were 2.8% lower than last year.

Sales were hampered early in the year by plentiful moisture, producing good forage for cattle, and by a lack of winter snow cover until well into the winter season. Good moisture conditions prevailed again in the spring. Tight molasses supplies created production scheduling problems, particularly for the block operations plants, causing production to be shifted between plants to meet customers' needs, with consequent higher transportation costs. Ridley Block Operations and Sweetlix were also impacted by the uncertainties created by the US/Canada border closure and the resulting market instability.

During the year a new line of equine feeds, called Front Runner, was introduced. The product is available throughout US and Canada and represents Ridley's first North America wide brand.

RNS implemented an aggressive campaign of promotional activity, combined with better sales and profitability performance in the equine business, to offset the effects of adverse weather conditions and generate satisfactory operating results. Sweetlix volumes recovered well after a slow first quarter when hurricanes in the south eastern US significantly disrupted business activity.

An emphasis has been placed on developing international sales: low moisture block sales were made to Mexico and Chile; Sweetlix sales to Chile; and equine nutrition sales were made to Chile, Mexico, Japan, Ireland, France and Puerto Rico. New distribution channels were opened for certain Ridley specialty products and Sweetlix continued to expand market share with its loose mineral product lines.

PROVIDING A SAFE WORKING ENVIRONMENT IS A KEY FOCUS IN ALL OUR BUSINESSES. A RANGE OF INITIATIVES ARE RAISING AWARENESS AND INSTILLING A POSITIVE CULTURE OF SAFETY THROUGHOUT OUR OPERATIONS

SUSTAINABILITY REPORT

CHEETHAM SALT HAS CONSTRUCTED A WASTE SALT RECYCLING FACILITY AT CORIO, VICTORIA. INDUSTRIAL SALT FROM THE HIDE INDUSTRY IS NOW CLEANED AND RETURNED TO THE INDUSTRY

A sustainability plan prepared for Ridley's Australian operations last year set both quantitative targets in health and safety, energy, water usage and waste reduction, and qualitative initiatives in:

Health and safety: systems and injury risk reduction

Environment: environmental management system, waste, recycling, water, energy and emission controls

Business: supply chain and training and development.

HEALTH AND SAFETY

Performance

Providing a safe working environment is a key focus in all our businesses. A range of initiatives, including continuous review, workplace safety improvements and training, are raising awareness and instilling a positive culture of safety throughout our operations. Progress against specific risk reduction measures are now used as a measurement of management performance.

At Cheetham Salt, lost time injury frequency rate (LTIFR) reduced from 10 to 6 with a target to reduce the rate further in 2006. Only two out of seven sites experienced reportable injuries; the fact that five sites were totally injury free is an excellent result for a business of this nature.

In AgriProducts, company objectives around safety performance have continued to materially reduce LTIs. These have been reduced in successive years in the order of 30% and 20% respectively and at the 2005 financial year end LTIFR was 23.2. In addition, internal audits of safety have led to significant improvement activities. For example, AgriProducts mills in Queensland and New South Wales successfully addressed 83% – or 60 – of priority recommendations.

In North America, Ridley Inc recorded a LTIFR at year end of 10.2. The business is advancing its safety program with the assistance of DuPont Safety Resources, a global organisation specialising in workplace safety for over 30 years. Ridley Inc is developing operational measures to improve safety culture and performance. Its plans include improving leading safety indicators such as incident investigation, observation audits, training, progress against action plans and employee involvement. These will allow our North American operations to consistently monitor progress, identify problem areas at an early stage and report comprehensively on performance.

LTIFR 2006 Targets

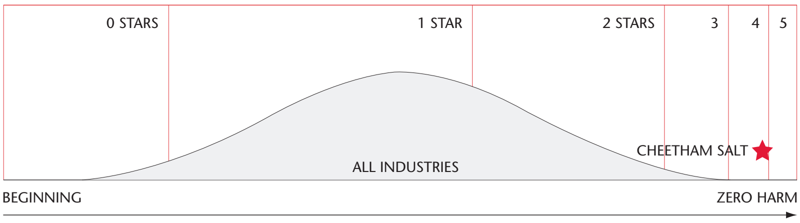
BUSINESS	ACTUAL LTIFR JUNE 05	TARGET LTIFR JUNE 06
Cheetham Salt	6.0	5.3
AgriProducts	23.2	18.0
Ridley Inc	10.2	8.2

Systems

The development of our safety systems has this year seen the rollout of a greater level of employee involvement in ensuring workplace safety. Management too have been provided with training and assistance to encourage leadership and support for a "safety first" culture.

Cheetham Salt has its safety systems externally audited by National Safety Council of Australia. Our two major Victorian sites, Corio and Sea Lake, are five star rated and the balance of sites are four star rated – a considerable achievement, which puts Cheetham in the top 10% of all Australian workplaces. Cheetham has rolled out effective and consistent management systems across all of its operations. Another pleasing achievement was Corio's inclusion as a finalist in the Telstra Workcover Awards.

CHEETHAM SALT'S SAFETY RATING COMPARED TO ALL INDUSTRIES
(SOURCE: NATIONAL SAFETY COUNCIL OF AUSTRALIA)



Injury risk reduction

Materials handling accounts for more than 50% of all injuries at our Australian operations. Following a thorough investigation of this type of risk at both Cheetham Salt and AgriProducts, considerable investment has been made in a wide range of specific-purpose manual handling aids such as automated packaging and palletising machinery, vacuum lifting devices, the installation of roller-style conveyors for transferring premix materials and a variety of other installations to reduce risk and the need to lift materials and improve the efficiency of handling ingredients. Layout improvements have also been undertaken to minimise risk. This has shown benefit in reduced injury rates across all mills and sites. In AgriProducts, these activities have been supported by changes to package sizes (40kg to 20/25kg) and to the way in which many of the raw materials are received – now in bulk rather than bags.

At Cheetham, palletisers have been introduced at the Bajool, Sea Lake and Bowen sites and will be introduced at the Corio site in 2006. Annual manual handling surveys have been undertaken and controls implemented. All sites now have rotating pallet lifts and employees have received further training in manual handling.

ENVIRONMENT

Environmental management system

Compliance with environmental licences and regulations is a mandatory requirement for all Ridley businesses. In 2002, Ridley in Australia undertook a review to identify all actions necessary to establish systems consistent with accreditation to the ISO 14001 Environmental Management Systems Standard, which applies to those environmental aspects over which a company has control and can be expected to influence.

Two of Cheetham's major sites, Corio and Price, have now been approved for certification to ISO 14001. This is a major achievement following three years of dedicated effort to upgrade environmental management systems and practices. The remaining Cheetham sites are ready for certification and await their scheduled audits.

In AgriProducts the review process is nearing completion with the first audit conducted in June and a plan to rollout audits to several AgriProducts locations throughout the coming year. Whereas Cheetham Salt is aiming for ISO certification at all sites, AgriProducts is looking to establish systems that are consistent with the standard without applying for certification.

Waste and recycling

For Cheetham Salt, increased exports led to a slight rise in the use of packaging material and generation of solid waste.

"CHEETHAM SALT HAS ESTABLISHED A HIDE SALT RECYCLING FACILITY THAT BEGAN OPERATING IN 2005. THIS FACILITY WILL RECYCLE 5,000 TONNES OF SALT THAT WOULD OTHERWISE HAVE BEEN A WASTE PRODUCT."

In AgriProducts, the aggressive solid waste reduction target set for 2005 was not achieved. However, the installation of waste bailers at five locations has decreased solid waste removal costs. It is likely that solid waste per tonne will increase in the coming year as the business moves to the use of 20kg bags in place of the existing 40kg bags. This move is planned to reduce health and safety risks for employees and customers and illustrates the challenge of managing conflicting sustainability and health and safety objectives. Ridley Inc, too, has embarked on a waste and recycling management process, beginning with waste management audits at all locations.

Cheetham Salt has established a hide salt recycling facility that began operating in 2005. This facility will recycle 5,000 tonnes of salt that would otherwise have been a waste product. Systems that allow for greater salt recovery from waste brine have also been implemented at the Price and Bowen locations. A review of packaging materials throughout the Cheetham business has led to changes so that 90% of these materials are now recyclable.

AgriProducts has established a review process for assessing the environmental impacts relating to the waste materials that will be generated from receipt of supplies. This is now being used as a factor in assessing new suppliers.

Both AgriProducts and Cheetham Salt have made progress towards changing to low-density polyethylene bags in place of the existing propylene bags. The new bags will be fully recyclable. In addition, Cheetham Salt has changed the bag material density of one-third of its bagged product range leading to 12.5% less materials required for bag manufacture, without compromising packaging integrity.

Water and energy

While Cheetham Salt achieved targeted reductions in electricity (from 14.7kWhr/t to 14.4kWhr/t) following activities designed to obtain better efficiencies out of existing plant, targeted freshwater reductions were not achieved for two reasons. The plan to use seawater to replace weir water at Bajool proved unsuccessful and Sea Lake required higher water usage to control magnesium levels in the finished product due to the very low rainfall recorded this year.

In AgriProducts, a combination of mill efficiency improvements plus changes in product mixes led to longer production runs, and good gains in energy efficiencies. Although not targeted in 2005, there has been a significant reduction in the use of natural gas following improvements in boiler efficiencies and maintenance practices.

MEASURE	CHEETHAM SALT 2005 TARGET	CHEETHAM SALT 2005 ACTUAL	AGRIPRODUCTS 2005 TARGET	AGRIPRODUCTS 2005 ACTUAL
Electrical energy per tonne	-2%	-2.5%	-1%	-7.2%
Solid waste per tonne	-5%	+1.1%	-33%	0%
Freshwater per tonne	-2%	+5.3%	Not measured	Not measured

The table summarises performance measured as percentage reduction (shown as a negative percentage)

Emission control

All AgriProducts mills handle grains which, if not properly managed, can create dust. Over the past two years we have invested in a process of identification and control of all sources of dust. As a result, we now have mills where high dust levels have been effectively controlled by improving housekeeping practices, installing dust extraction systems and primary controls to eliminate dust to air. This has both health and safety and environmental benefits for Ridley and surrounding communities.

BUSINESS

Supply chain

A project targeted at improving premix addition assurance has been introduced in our AgriProducts mills. This is a part of our supply chain project and includes the development of a "best practice" standard which is being rolled out across all mills. The standard identifies the changes in each premix area required from analysis of premix area reports and assesses any additional measures that may be needed. The process is overviewed by our process improvement committee and is also being monitored by Ridley's Risk Review Committee.

Training and development

We have made considerable progress this year in our efforts to embed sustainable strategies and practices into the way we conduct our business and changing workplace culture to ensure our people fully understand what is expected of them. We see this as vital to our success. In last year's review of activities we reported on the development of workbooks in our AgriProducts business. Tasks such as receival, mill outloading, warehousing/delivery, maintenance, site and national office administration were defined and analysed and the knowledge and skills needed (including safety and environmental skills and knowledge) to perform them was determined and set out in the workbooks. This allowed us to clearly identify measurable quality standards, certify training and improve employee skills through training and assessment. By year-end, 80% of sites had undergone workbook training and assessment, with remaining sites due to come on-line over the next six months. We have also negotiated an agreement with the Victorian Department of Technical and Further Education which sees mill operators being accredited under the TAFE scheme. The accreditation of mill operations activities is receiving overwhelming support from the workforce.

Targets for 2006

DIVISION	SUBJECT	TARGET
AgriProducts	Waste Management	Develop process to determine correct practices so improvements can be achieved, continue to rollout bailers and find contractors to remove waste for recycling.
Cheetham Salt	Waste Management	Undertake waste management audits at all locations and reduce solid waste/tonne of product by 5%.
AgriProducts and Cheetham Salt	Recycling	Complete investigations into suitability of polyethylene bags throughout the business.
Cheetham Salt	Recycling	Increase recycling of saline waste by 10% per tonne from a third party recycling project, Wakool saline waste management project and hide salt recycling. Progress Lake Tyrell project – treatment of saline waste from the Kerang Region.
Cheetham Salt	Recycling	Reduce bitterns discharge at salt production sites through implementation of improvement projects.
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 seawater to replace weir water at Bajool.
AgriProducts	Emissions – Odour and Dust	Complete installation of bio-filter at Pakenham and odour emission controls at Narangba. Trial the Watchdog system for elevator leg dust control. Reduce nuisance dust emissions at the top of mills.
Cheetham Salt	Biodiversity Management at each site	Establish relevant vegetation monitoring.
AgriProducts	Employee Development	Complete the rollout of workbooks (knowledge and skills training program) to all plants.
Corporate	Performance Measurement	Define measurable targets and agree on how to measure and report them.

BOARD OF DIRECTORS

1. JOHN S KENIRY

AM BSc PhD FTSE FRACI FAICD

Independent Chairman, Age 62
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 and a director of NSW EPA, Gardner Smith Pty Ltd, Mikoh Corporation Limited and a number of other corporations and statutory bodies. He is the immediate 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
Latrobe Magnesium Ltd from 2003
Biosignal Limited from 2004

2. MATTHEW P BICKFORD-SMITH

Chief Executive Officer and Managing Director, Age 45
Matthew joined Ridley Corporation in November 2000. His previous responsibilities include overseeing the Man Group's interests in the Australian refined sugar industry, managing the Group's sugar businesses risk within the Asian region and working in soft commodities, particularly in proprietary trading, structured financing and marketing.

3. ELIZABETH B BRYAN

BA MA (Econ) FAICD

Independent Non Executive Director, Age 58
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.

Other current listed company directorships
Caltex Australia Ltd from 2002

Former listed company directorships in last three years
Western Metals Ltd in 2002

4. RICHARD J LEE

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

Independent Non Executive Director, Age 55
A director since 2001, Richard was formerly Chief Executive of NM Rothschild Australia Group and prior to that spent 16 years in CSR's sugar division. He is Chairman of Salmat and Inteq, a director of CSR and Cash Services Australia, 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.

Other current listed company directorships
Salmat Limited from 2002
CSR Limited from May 2005

5. ROBERT J LOTZE

FCA MAICD

Independent Non Executive Director, Age 64
A director since 1998, Robert was 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. ANDREW L VIZARD

BVSc (Hons) MPVM

Independent Non Executive Director, Age 47
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 listed company directorships
Phosphagenics Limited from 1999

G P (PADDY) WATTS

BComm

Company Secretary, Age 47
Since joining Ridley in 1994 Paddy has held a number of senior finance positions. He was appointed Company Secretary in April 2004.

CORPORATE GOVERNANCE

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, Remuneration Committee and 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 charter is available on the company's website www.ridley.com.au

COMPOSITION OF THE BOARD

The names, profiles and qualifications and experience of the directors in office at the date of this statement are set out on page 24.

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.

The composition of the Board is continually under review by all directors to ensure that the Board has the appropriate mix of expertise and experience. The Board does not have a formal nominations committee as it considers it is sufficiently small for the whole Board to consider director nominations, therefore, when a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, directors are asked to nominate suitable candidates with the appropriate expertise and experience with advice from an external consultant if necessary. Potential candidates are reviewed by the Board.

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 39).

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

INDEPENDENT PROFESSIONAL ADVICE

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

REMUNERATION COMMITTEE

The role of the Remuneration Committee, documented in a charter, 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 Remuneration Committee meets twice a year and as required.

The members of the Remuneration Committee during the year were:

J S Keniry Independent Chairman

R J Lee Independent Director (appointed 25 October 2004)

M P Bickford-Smith Managing Director

D G McGauchie (resigned 11 October 2004).

Details of the Remuneration Committee members' experience and technical expertise are set out in the directors' biographies on page 24.

The Remuneration Committee charter is available on the company's website www.ridley.com.au

AUDIT COMMITTEE

Board policy states that all members of the Audit Committee must be independent non-executive directors. The role of the committee, documented in a charter, 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 auditor 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 27 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 also 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 and 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 page 24.

The Audit Committee charter is available on the company's website www.ridley.com.au

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 codes of conduct for directors and employees.

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

The Code requires the disclosure of conflicts of interests and if possible their elimination. If this is not possible, directors are required to abstain from participation 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. Breaches of the Code are required to be reported to the Board or a sub-committee of it.

SECURITIES TRADING

All directors and officers are prohibited from buying or selling securities in the company from the last day in each financial year and half year until two days after the release to the Australian Stock Exchange of the announcement by the company of its full year and half year results and anytime the individual is in possession of price sensitive information.

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 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 back to 1997.

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. This comparison was prepared by Ernst & Young 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 2005.

REMUNERATION COMMITTEE

The Remuneration Committee, consisting of two non-executive directors and the Managing Director, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

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

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 executives capable of managing the consolidated entity's diverse operations and achieve the company's strategic objectives.

Remuneration is structured to link the achievement of business strategies and goals and to reward employees for increasing shareholder value.

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to the current year. Over the past five years, the consolidated entity's profit from ordinary activities after income tax and significant items has grown by 138%. Shareholder wealth has grown by 183% during the past five years. 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.

Remuneration structure

For Australian executives, remuneration consists of a base salary package and performance related short and long-term incentives. North American executives' remuneration consists of a base salary, retirement entitlements, fringe benefits and performance related short and long-term incentives. Australian executives are also eligible to participate in employee share plans.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time. All non-executive directors are also entitled to retirement benefits as set out in the constitution of the company. No additional benefits have accrued from 31 October 2003. Non-executive directors appointed after 31 October 2003 are not entitled to retirement benefits.

Non-executive directors

Directors' fees

The current base remuneration was 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.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. 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 holding office at 31 October 2003 will be entitled to receive from the company their accrued entitlement totalling $456,000 calculated on 31 October 2003 upon retirement. The balance at June 2005 is $392,000 (2004: $456,000).

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, health benefits and other benefits.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is 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 payments based on two components, being the financial performance of the company and individual key performance indicators (KPIs). Should profit targets set at the commencement of the year be achieved then a short-term incentive is payable for executives. Such incentives (bonuses) are payable in cash in September each year. Using profit targets ensures the award is only available when value has been created for shareholders.

Each executive also has a target short-term incentive opportunity depending on the accountabilities of the role and impact on organisation or business unit performance. Each year, appropriate targets and KPIs are set to link the short-term incentive plan and the level of payout if targets are met. This includes setting any maximum payout under the short-term incentive plan, and minimum levels of performance to trigger payment of short-term incentive.

For the year ended 30 June 2005, the KPIs linked to short-term incentive plans were based on group, individual business 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.

The short-term incentive payments may be adjusted up or down in line with under or over achievement against the target performance levels.

The short-term incentive target is reviewed annually.

Long-term incentives
Executives' and employees' long-term incentives are by participation in the Ridley Corporation Incentive Option Plan, the Ridley Employee Share Scheme and the Ridley Inc. Long Term Incentive Program. These long-term incentive programs align the interests of executives more closely with those of Ridley shareholders and reward sustained superior performance.

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 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.

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 month of leaving the consolidated entity. The options can only be exercised after a minimum of two years from the date of grant with certain minor exceptions.

The exercise price of options issued prior to February 2002 is the weighted average price over the five trading days on the ASX prior to the date of grant. The performance criteria for these options requires an average return on shareholders' funds of 10% over the two-year period ending 30 June following the date of grant. In addition, the rate of growth of the Ridley Accumulation Index from the date of grant of the options to the first date of exercise must equal or exceed the Accumulation Index for the same period of the All Industrials (less Banks and Financial Institutions).

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 criteria for these options to be exercised.

During the year ended 30 June 2005 225,000 (2004: 525,000) ordinary shares were issued on the exercise of options granted under the plan for $192,000 (2004: $369,000). The market value of shares issued during the year was $315,000 (2004: $691,000).

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 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 and are exercisable over a maximum of 10 years. During the year ended 30 June 2005 45,000 shares (2004: 67,200) were issued on the exercise of options granted under the plan for $295,000 (2004: $491,000). The market value of the shares issued was $505,000 (2004: $760,000).

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

Subsequent to year end the plan has been 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 can elect to receive cash from Ridley Inc rather than acquiring shares and selling them on the open market.

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. Participants will be entitled to bonuses ranging from 11% to 21.25% of their base salary provided Ridley Inc meets its performance target based on return on funds employed for each fiscal year. Participants will be credited annually based on performance during each fiscal year for a three or four-year period (a "Program Cycle") and will be eligible to receive an incentive payment in the fiscal quarter following the end of the Program Cycle provided the participant has remained an employee throughout the applicable Program Cycle and on the date the payment is actually made. A participant will be entitled to a pro rata incentive payment should their employment be terminated prior to the date payment is actually made by reason of death, retirement or disability or if their employment is involuntarily terminated by reason of a redundancy. No awards were made under this Program during the year.

Ridley Corporation 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.

558,540 (2004: 607,055) shares were issued under this scheme during the year for $428,000 (2004: $382,000). The market value of the shares issued was $810,000 (2004: $765,000). The total loan amount outstanding at 30 June 2005 was $1,094,000 (2004: $852,000).

Executives (other than directors) with the greatest authority for strategic direction and management

The following persons were the seven executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

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

All of the above persons were also specified executives during the year ended 30 June 2004.

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 provide for the provision of performance related bonuses, and other benefits, and participation, when eligible, in the Ridley Corporation Limited 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 2005 of $540,534 to be reviewed annually by the Remuneration 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 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

– Subsequent to year end the terms of the agreement have been amended so that 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.

R B Gallaway, formerly Chief Executive Officer, Ridley Inc

Mr Gallaway resigned as Chief Executive Officer on 1 March 2005 and was appointed to a special advisory role to the Ridley Inc Board to 31 August 2005

– Term of agreement – five years ending 31 August 2004. In 2005 this agreement was extended for one year on the same terms and conditions

– Base salary, for the year ended 30 June 2005 of US$331,007 to be reviewed annually by the Ridley Inc Board of Directors

– Payment of termination benefit on early termination by the employer, other than for cause, equal to the base salary for the remaining term of the agreement

– Motor vehicle allowance, pension and medical benefits

– Incentive bonuses of up to 20% of salary based on the achievement of certain agreed KPIs as approved by the Ridley Inc Board of Directors.

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

An agreement with Mr VanRoekel is currently being formalised, major provisions of the proposed agreement are as follows:

– 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.

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 have no fixed term of employment.

Details of remuneration

Details of the remuneration of each director of Ridley Corporation Limited and each of the specified executives of the consolidated entity, including their personally related entities, are set out in the following tables.

Directors of Ridley Corporation Limited

2005	PRIMARY			POST-EMPLOYMENT			EQUITY	
NAME	DIRECTORS' FEES AND BASE SALARY PACKAGE $	BONUS $	MOVEMENT IN LEAVE PROVISIONS+ $	RETIREMENT ALLOWANCE $	MOVEMENT IN RETIREMENT ALLOWANCEx $	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**	–	–	**64,450**	**(64,450)**	**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
x Movement in retirement allowance (frozen as at 31 October 2003)

2004	PRIMARY			POST-EMPLOYMENT			EQUITY	
NAME	DIRECTORS' FEES AND BASE SALARY PACKAGE $	BONUS $	MOVEMENT IN LEAVE PROVISIONS+ $	RETIREMENT ALLOWANCE $	MOVEMENT IN RETIREMENT ALLOWANCEx $	SUPER-ANNUATION $	OPTIONS $	TOTAL $
J S Keniry Chairman	149,370	–	–	–	4,513	9,561	–	163,444
M P Bickford-Smith Managing Director	529,935	60,000	38,585	–	–	–	159,736	788,256
E B Bryan	67,871	–	–	–	15,550	347	–	83,768
R J Lee	62,586	–	–	–	15,550	5,632	–	83,768
R J Lotze	68,711	–	–	–	4,913	6,184	–	79,808
D G McGauchie	89,564	–	–	–	6,892	8,061	–	104,517
A L Vizard	62,586	–	–	–	13,269	5,632	–	81,487

+ Movement in annual leave and long service leave provisions
x Movement in retirement allowance (frozen as at 31 October 2003)

Specified executives of the consolidated entity

2005	PRIMARY					POST-EMPLOYMENT	EQUITY	
NAME	SALARY PACKAGE $	BONUS $	MOTOR VEHICLE $	MOVEMENT IN LEAVE PROVISIONS+ $	OTHER $	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**

The above table includes the five highest paid executives, excluding the Managing Director, of the consolidated entity

2004	PRIMARY					POST-EMPLOYMENT	EQUITY	
NAME	SALARY PACKAGE $	BONUS $	MOTOR VEHICLE $	MOVEMENT IN LEAVE PROVISIONS+ $	OTHER $	PENSION $	OPTIONS $	TOTAL $
R E Frost	232,220	36,284	6,598	–	22,068	21,085	–	318,255
R B Gallaway	466,425	93,284	9,888	–	21,369	35,080	–	626,046
M S Mitchell	237,301	35,595	9,821	–	19,541	24,385	–	326,643
A D Murdoch	375,000	63,750	–	34,866	999	–	47,008	521,623
W J Poynton	375,900	26,313	–	24,901	999	–	77,549	505,662
S J VanRoekel	294,630	44,194	6,979	–	16,065	6,455	–	368,323
I Wilton	395,715	59,357	–	17,358	999	–	87,105	560,534

+ Movement in annual and long service leave provisions

For each cash bonus and grant of options included in the 2005 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 are payable in future years.

	CASH BONUS	
NAME	PAID %	FORFEITED %
M P Bickford-Smith	80	20
R E Frost	61	39
R B Gallaway	100	–
M S Mitchell	55	45
A D Murdoch	78	22
W J Poynton	26	74
S J VanRoekel	55	45
I Wilton	84	16

Executives of Ridley Corporation Limited

2005 NAME	SALARY PACKAGE $	BONUS $	OTHER BENEFITS $	MOVEMENT IN LEAVE PROVISIONS+ $	OPTIONS $	TOTAL $
M D MacKay, Business Development Manager	**241,398**	**78,000**	**999**	**17,577**	**–**	**337,974**
A D Murdoch, CEO, Ridley AgriProducts	**379,313**	**149,613**	**999**	**23,896**	**–**	**553,821**
W J Poynton, CEO, Cheetham Salt	**380,223**	**50,000**	**999**	**(1,769)**	**–**	**429,453**
G P Watts, GM Finance Company Secretary	**251,900**	**50,760**	**999**	**4,751**	**–**	**308,410**
I Wilton, Chief Financial Officer	**400,266**	**170,022**	**999**	**12,673**	**–**	**583,960**

+ Movement in annual and long service leave provisions
The above table includes the five highest paid executives, excluding the Managing Director, of Ridley Corporation Limited

Share-based compensation – options

The terms and conditions of each grant of options during the year to the Managing Director affecting remuneration in this or future reporting periods are as follows:

GRANT DATE	EXPIRY DATE	NUMBER	EXERCISE PRICE	VALUE PER OPTION AT GRANT DATE	VESTING AND EXERCISE DATE
25 October 2004	25 October 2009	166,667	1.48	0.266	25 October 2006
25 October 2004	25 October 2009	166,667	1.56	0.242	25 October 2007
25 October 2004	25 October 2009	166,666	1.64	0.219	25 October 2008

The amounts disclosed for emoluments relating to options above are the assessed fair values at grant date of options granted to executive directors and other executives. Fair values at grant date are 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.

The model inputs for options granted during the year ended 30 June 2005 included:

a. options are granted for no consideration
b. share price at grant date: $1.33
c. expected price volatility of the company's shares: 31%
d. expected dividend yield: 4.9%
e. risk-free interest rate: 5.18%

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 seven specified executives of the consolidated entity are set out below. When exercisable, each option is convertible into one ordinary share of Ridley Corporation Limited.

NAME	A REMUNERATION CONSISTING OF OPTIONS %	B VALUE AT GRANT DATE $	C VALUE AT EXERCISE DATE $	D VALUE AT LAPSE DATE $
M P Bickford-Smith	10.8	121,167	–	–
I Wilton	–	–	113,750	–

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 calculated in accordance with AASB 1046 Director and Executive Disclosures by Disclosing Entities of options granted during the year as part of remuneration

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year

D = The value at lapse date of options that were granted 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	666,667
Specified executives of the consolidated entity		
I Wilton	–	408,334
W J Poynton	–	333,334
A D Murdoch	–	83,333

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 seven specified executives 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
Specified executives of the consolidated entity			
I Wilton	$0.72	3 September 2004	175,000

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 seven specified executives of the consolidated entity, including their personally related entities, are set out below:

Ridley Corporation option holdings

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	2,000,000	500,000	–	2,500,000	1,166,667
Specified executives of the consolidated entity					
I Wilton	1,075,000	–	175,000	900,000	233,334
W J Poynton	700,000	–	–	700,000	333,334
A D Murdoch	600,000	–	–	600,000	83,333

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	42,000	–	–	14,000	28,000	28,000
Specified executives of the consolidated entity						
R B Gallaway	56,000	–	–	14,000	42,000	42,000
S J VanRoekel	20,000	–	–	–	20,000	20,000
R E Frost	27,000	–	–	7,000	20,000	20,000
M S Mitchell	20,000	–	–	5,000	15,000	15,000

Loans to directors and executives

Aggregate of loans made to directors of Ridley Corporation Limited and the seven specified executives of the consolidated entity including their personally related entities are set below:

	BALANCE AT THE START OF THE YEAR $	BALANCE AT THE END OF THE YEAR $	NUMBER IN GROUP AT THE END OF THE YEAR $
2005			
Directors of Ridley Corporation Limited	Nil	Nil	Nil
Specific Executives of the consolidated entity	9,760	12,405	4
2004			
Directors of Ridley Corporation Limited	Nil	Nil	Nil
Specified Executives of the consolidated entity	4,386	5,803	2

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

Retirement benefits

Ridley participates in a number of superannuation funds in Australia and North America. Most employees participate in cash accumulation divisions of these plans. The retirement benefit being the company's contribution plus investment earnings.

At 30 June 2005, 36 employees are members of a defined benefit division of the Australian fund. The defined benefit division has been closed to new members since July 2002. In addition, 13 members are guaranteed to receive a defined lump sum if it is greater than their account balance.

In the United States of America defined benefit pensions are paid to retired employees based on salary levels and years of service.

Health benefits

All employees of Ridley Inc in the USA averaging 20 hours or more per week are eligible for health benefits. The company offers a choice of three health options for employees and their dependants. Each option has a different deductible amount, out-of-pocket maximum and premium requirement. There is not a pre-existing exclusion clause in the plan and no lifetime maximum benefit.

After the appropriate deductible has been met, Ridley Inc pays 80% of the claim if the covered employee or dependant utilises an in-network provider. Ridley Inc pays 70% of the claim if an out-of-network provider is utilised.

In addition, retired employees are covered under this plan.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

The directors submit the statements of financial position at 30 June 2005, statements of financial performance and statements of cash flows for the year ended on that date for the company and the consolidated entity and report as follows:

1. DIRECTORS

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

J S Keniry

M P Bickford-Smith

E B Bryan

R J Lee

R J Lotze

D G McGauchie (resigned 11 October 2004)

A L Vizard

2. PRINCIPAL ACTIVITIES

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

3. RESULTS

	2005 $'000	2004 $'000
Profit from ordinary activities before significant items and income tax	**39,461**	36,558
Income tax	**9,764**	11,828
Operating profit of the consolidated entity before significant items	**29,697**	24,730
Profit attributable to outside equity interest	**4,384**	4,240
Profit attributable to members of Ridley Corporation Limited before significant items	**25,313**	20,490
Significant items net of tax and outside equity interest	**9,272**	(2,790)
Profit attributable to members of Ridley Corporation Limited	**34,585**	17,700

4. REVIEW OF OPERATIONS/SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A review of:

i. operations and financial matters including significant changes in the state of affairs;

ii. the results of those operations; and

iii. likely developments

are set out on pages 1 to 23 in the Annual Report.

5. DIVIDENDS

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

	2005 $'000	2004 $'000
Final dividend for the year ended 30 June 2004 of 3.25 cents (2003: 3.25 cents) per share paid on 27 October 2004	**8,769**	8,670
Interim dividend for the year ended 30 June 2005 of 3.25 cents (2004: 2.50 cents) per share paid on 31 March 2005	**8,824**	6,690
	17,593	15,360

In addition to the above, directors have declared a final dividend of 3.25 cents per share totalling $8,894,000 to be paid on 7 October 2005 out of retained profits at 30 June 2005.

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	8,875,000	Various
Ridley Inc – Stock Option Plan	256,600	Various

No option holder has any right under the options to participate in any other share issue of the company or of any other entity.

Options are issued to senior executives under the Incentive Option Plan.

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

Particulars of shares and options held by directors in the company together with a profile of the directors are set out on page 24 and note 30 in the Financial Report.

10. MEETINGS OF DIRECTORS

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		RISK REVIEW COMMITTEE	
DIRECTORS	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	13	–	–	2	2	–	–
M P Bickford-Smith	14	14	–	–	2	2	4	2
E B Bryan	14	14	4	4	–	–	–	–
R J Lee	14	13	4	4	1	1	–	–
R J Lotze	14	13	4	4	–	–	–	–
D G McGauchie*	2	1	–	–	1	1	–	–
A L Vizard	14	13	–	–	–	–	4	4

* Resigned 11 October 2004

11. POST BALANCE DATE EVENTS

No matters or circumstances have arisen since 30 June 2005 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 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, D G McGauchie, A L Vizard and G P Watts.

13. NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their 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 (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

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 auditor imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit 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 42.

13. NON-AUDIT SERVICES (CONTINUED)

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.

	CONSOLIDATED 2005 $	CONSOLIDATED 2004 $
Tax compliance services	**309,055**	398,805
Taxation and other advice on corporate restructuring	**701,987**	–

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 22nd day of August 2005 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 2005, 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.

W H B SEATON
Partner
PricewaterhouseCoopers

Sydney
22 August 2005

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
Revenues from sale of goods	2	**1,153,872**	1,179,348	–	–
Cost of sales		**986,519**	1,013,001	–	–
GROSS PROFIT		**167,353**	166,347	–	–
Other revenues from ordinary activities	2	**9,502**	8,714	**30,973**	31,389
Other expenses from ordinary activities					
Selling and distribution		**(55,736)**	(54,769)	–	–
Administration		**(66,709)**	(61,379)	**(8,287)**	(7,977)
Borrowing costs		**(11,195)**	(12,327)	**(6,740)**	(6,440)
Other	3	**(8,936)**	(21,989)	**(763)**	(145)
Share of net profits of associates	37	**5,182**	5,208	–	–
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**39,461**	29,805	**15,183**	16,827
Income tax expense/(benefit)	5	**492**	9,093	**(9,411)**	1,986
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX		**38,969**	20,712	**24,594**	14,841
Net profit attributable to outside equity interest		**4,384**	3,012	–	–
NET PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF RIDLEY CORPORATION LIMITED		**34,585**	17,700	**24,594**	14,841
Net decrease in asset revaluation reserve	20	**(1,193)**	(464)	–	–
Net exchange differences on translation of financial reports of foreign controlled entities	20	**(8,093)**	(3,461)	–	–
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF RIDLEY CORPORATION LIMITED RECOGNISED DIRECTLY IN EQUITY		**(9,286)**	(3,925)	–	–
TOTAL CHANGES IN EQUITY ATTRIBUTED TO MEMBERS OF RIDLEY CORPORATION LIMITED OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH THE OWNERS AS OWNERS	23	**25,299**	13,775	**24,594**	14,841
Basic earnings per share	35	**12.7c**	6.6c		
Diluted earnings per share	35	**12.7c**	6.6c		

The above statements of financial performance should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
CURRENT ASSETS					
Cash	32(II)	**10,987**	11,563	**2**	2,030
Receivables	7	**106,602**	103,150	**2,129**	1,456
Inventories	8	**110,444**	105,206	**–**	–
Livestock	9	**–**	947	**–**	–
Other	10	**2,603**	4,074	**63**	91
TOTAL CURRENT ASSETS		**230,636**	224,940	**2,194**	3,577
NON-CURRENT ASSETS					
Receivables	7	**8,045**	8,980	**259,186**	187,847
Investments accounted for using the equity method	37	**43,824**	44,722	**–**	–
Other financial assets	11	**183**	204	**108,453**	108,453
Property, plant and equipment	12	**372,033**	320,357	**4,212**	4,428
Intangible assets	13	**57,323**	50,400	**–**	–
Deferred tax assets	14	**14,287**	3,993	**8,416**	–
Other	10	**2,567**	3,894	**895**	1,211
TOTAL NON-CURRENT ASSETS		**498,262**	432,550	**381,162**	301,939
TOTAL ASSETS		**728,898**	657,490	**383,356**	305,516
CURRENT LIABILITIES					
Payables	15	**130,946**	111,458	**2,312**	815
Interest bearing liabilities	16	**11,681**	20,620	**20,098**	–
Current tax liabilities	17	**2,551**	1,815	**795**	–
Provisions	18	**8,552**	8,035	**580**	502
TOTAL CURRENT LIABILITIES		**153,730**	141,928	**23,785**	1,317
NON-CURRENT LIABILITIES					
Payables	15	**415**	484	**415**	484
Interest bearing liabilities	16	**163,416**	114,382	**121,500**	75,000
Deferred tax liabilities	17	**18,076**	21,932	**–**	3,242
Provisions	18	**11,313**	10,142	**293**	259
TOTAL NON-CURRENT LIABILITIES		**193,220**	146,940	**122,208**	78,985
TOTAL LIABILITIES		**346,950**	288,868	**145,993**	80,302
NET ASSETS		**381,948**	368,622	**237,363**	225,214
EQUITY					
Parent entity interest					
Contributed equity	19	**202,489**	197,341	**202,489**	197,341
Reserves	20	**75,879**	85,165	**13,923**	13,923
Retained profits	21	**53,361**	36,543	**20,951**	13,950
TOTAL PARENT ENTITY INTEREST		**331,729**	319,049	**237,363**	225,214
Outside equity interests in controlled entities	22	**50,219**	49,573	**–**	–
TOTAL EQUITY	23	**381,948**	368,622	**237,363**	225,214

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	**1,189,108**	1,241,432	**5,321**	5,750
Payments to suppliers and employees	**(1,104,870)**	(1,176,215)	**(8,889)**	(7,001)
Dividends received	**6,035**	6,333	**10,600**	10,000
Interest received	**1,346**	1,597	**15,052**	15,500
Interest and other costs of finance paid	**(10,326)**	(11,673)	**(6,173)**	(6,084)
Income taxes paid	**(14,022)**	(5,372)	**(865)**	(1,589)
NET CASH INFLOW FROM OPERATING ACTIVITIES (NOTE 32(I))	**67,271**	56,102	**15,046**	16,576
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for acquisition of businesses and controlled entities net of cash acquired (note 36)	**(79,444)**	(6,811)	**–**	–
Proceeds from sale of business (note 36)	**–**	3,337	**–**	–
Payments for property, plant and equipment	**(22,863)**	(19,902)	**(3)**	(197)
Deferred expenditure	**(8)**	(1,263)	**(8)**	(193)
Proceeds from sale of non-current assets	**2,527**	2,897	**–**	131
Repayment of customer loans	**2,051**	1,378	**–**	–
Loans to controlled entities	**–**	–	**(70,974)**	5,824
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**(97,737)**	(20,364)	**(70,985)**	5,565
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares:				
Employee options exercised	**193**	369	**193**	369
Ridley Inc employees' options exercised	**292**	491	**–**	–
Shares repurchased	**(856)**	(818)	**(856)**	(818)
Proceeds from borrowings	**143,801**	38,647	**96,500**	19,000
Repayment of borrowings	**(100,798)**	(73,362)	**(50,000)**	(29,000)
Dividends paid	**(12,128)**	(12,031)	**(12,128)**	(12,031)
Employee share scheme loan repayments	**104**	104	**104**	104
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**30,608**	(46,600)	**33,813**	(22,376)
NET INCREASE/(DECREASE) IN CASH HELD	**142**	(10,862)	**(22,126)**	(235)
Cash at the beginning of the financial year	**7,900**	18,821	**2,030**	2,265
Effects of exchange rate variations on cash	**(546)**	(59)	**–**	–
CASH AT THE END OF THE FINANCIAL YEAR (NOTE 32(II))	**7,496**	7,900	**(20,096)**	2,030

NON-CASH FINANCING AND INVESTING ACTIVITIES (NOTE 33)

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Unless otherwise shown in the Financial Report, amounts are in Australian dollars.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Ridley Corporation Limited ("Company" or "parent entity") as at 30 June 2005 and the results of all controlled entities for the year then ended. Ridley Corporation Limited and its controlled entities together are referred to in this Financial Report as the consolidated entity. The effects of all transactions between entities are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statements of financial performance and statements of financial position respectively. Where control of a controlled entity is obtained during a financial year, its results are included in the consolidated statements of financial performance from the date on which control commences. Where control of a controlled entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of post acquisition profits or losses of associates are recognised in the consolidated statement of financial performance and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

DEPRECIATION

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

The expected useful lives are as follows:

Buildings	40 years
Plant and equipment	3 to 30 years

Where items of plant and equipment have separately identifiable components, which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

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

GOODWILL

Goodwill is amortised using the straight line method over periods during which future benefits are expected to arise. The period of amortisation is principally 20 years.

DEFERRED EXPENDITURE

Costs incurred in establishing finance facilities are deferred to future periods to the extent that future benefits are expected to arise. Deferred costs are amortised on a straight line basis over the period of the expected benefit being not more than six years.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are charged to expense as incurred, unless they are expected beyond all reasonable doubt to be recoverable.

INVENTORIES

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

LIVESTOCK

Livestock is accounted for in accordance with AASB 1037 Self Generating and Regenerating Assets. This accounting standard requires that livestock held for resale is valued at net market value, with changes in market value, both realised and unrealised, recognised as revenue in the statements of financial performance. Costs of maintaining the livestock are recognised as expenses as they are incurred.

Livestock held as current inventory is valued at net market value. Where a liquid and active market price is not available average sales values are used.

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 year but not distributed at balance date.

INCOME TAX

Tax effect accounting procedures are followed where the income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. Income tax on net cumulative timing differences is set aside to the future tax benefit or the deferred income tax liability accounts at the rates which are expected to apply when those timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax is accounted for using the 1989 version of AASB 1020 Income Taxes.

TAX CONSOLIDATION

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

As a consequence, Ridley Corporation Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised separately as tax related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAX CONSOLIDATION CONTINUED

The deferred tax balances recognised by the parent entity in relation to wholly owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime.

FOREIGN CURRENCY TRANSLATION

i. Transactions

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

ii. Foreign Controlled Entities

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

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

	2005	2004
One Australian dollar equals		
Statements of Financial Position (year end rate)		
United States dollars	**0.7640**	0.6890
Canadian dollars	**0.9495**	0.9287
Statements of Financial Performance (average rate for the year)		
United States dollars	**0.7495**	0.6964
Canadian dollars	**0.9398**	0.9292

DERIVATIVES

Derivative financial instruments that are designated as hedges and are effective as hedges of underlying exposures are accounted for on the same basis as the underlying exposure. The net amount receivable or payable under hedging gains/losses relating to hedges of specific purchase/sale commitments are deferred in the statements of financial position and recognised in the measurement of the hedged transactions.

INVESTMENTS

i. Listed and Unlisted

Interests in listed and unlisted securities in the consolidated financial statements are brought to account at cost, less a provision where the cost exceeds the recoverable amount. Dividend income is recognised in the statements of financial performance when declared.

ii. Controlled Entities and Associates

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

EMPLOYEE ENTITLEMENTS

i. Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in accounts payable, accruals and provision 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.

ii. 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 (i) 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.

iii. Superannuation Funds

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

If a liability in respect of defined benefit superannuation exists, it is recognised in the provision for employee benefits, and is measured as the deficiency between the present value of employees' vested benefits at the reporting date and the net market value of the superannuation fund's assets at that date. If a surplus occurs this asset is not recognised in the financial statements. The present value of accrued benefits is based on expected future payments which arise from membership of the fund to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. The amount charged to the statements of financial performance in respect of superannuation represents the contributions made by the consolidated entity to the superannuation fund, adjusted by the movement in the liability.

iv. Pension Plans

A controlled entity maintains defined benefit pension plans under which pensions are paid to ex-employees. The expense for the defined benefit plans is determined by actuarial valuations of pension plan assets and obligations using the projected benefit method. Current service costs are charged to earnings as they accrue, while past service amounts, actuarial gains and losses, and adjustments arising from plan amendments or changes in assumptions, are amortised to earnings on a straight line basis over the expected average remaining service lives of plan members.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v. Health Plan

A controlled entity provides health care benefits for eligible employees, retired employees and their covered dependants. Actual costs are expensed on a claims incurred basis. The benefits are supplemental to statutory provided health care costs and are provided for a limited period of time. The costs of post retirement health care are determined under the per capita claims cost method. Under this method, the consolidated entity's obligations are fully accrued by the date the employees attain full eligibility for such benefits.

vi. Employee Benefit On-costs

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

vii. Equity-based Compensation Benefits

Equity-based compensation benefits are provided to employees via the Ridley Corporation Employee Incentive Option Plan and Ridley Employee Share Scheme. Information relating to these schemes is set out in note 28.

No accounting entries are made in relation to the Ridley Corporation Employee Incentive Option Plan until options are exercised, at which time the amounts received from employees are recognised in the statements of financial position as share capital. The amounts disclosed for remuneration of directors and executives in the Remuneration Report include the assessed fair values of options at the date they were granted amortised over the vesting period.

CASH

For the purposes of the statements of cash flows, cash includes deposits at call which are readily convertible to cash and are subject to insignificant risk of changes in value (except for cash denominated in foreign currency which is subject to exchange rate movement on translation to Australian dollars) net of outstanding bank overdrafts.

REVALUATIONS OF NON-CURRENT ASSETS

Subsequent to initial recognition as assets, land and buildings including salt fields, are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments are made by the directors, supplemented by independent assessments at least every three years. The last independent valuation was carried out in 2003.

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

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

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

LEASED NON-CURRENT ASSETS

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

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over periods ranging from five to 20 years.

ACQUISITION OF ASSETS

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

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

Any liability for restructuring costs and related employee termination benefits is recognised as at the date of acquisition.

INTEREST BEARING LIABILITIES

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

JOINT VENTURE OPERATIONS

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

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	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 2. REVENUE

Revenue from operating activities				
Sale of goods	**1,153,139**	1,162,552	–	–
Livestock income – Increase in net market value of livestock	**733**	16,796	–	–
	1,153,872	1,179,348	–	–
Revenue from outside operating activities				
Interest received	**1,319**	1,607	**15,052**	15,508
Proceeds on sale of non-current assets	**2,527**	2,897	–	131
Proceeds on sale of business	–	3,337	–	–
Management fees – related entities	–	–	**5,321**	5,750
Dividends received/receivable from related entities	–	–	**10,600**	10,000
Other	**5,656**	873	–	–
	9,502	8,714	**30,973**	31,389
Total revenue	**1,163,374**	1,188,062	**30,973**	31,389

NOTE 3. OPERATING PROFIT

Profit from ordinary activities including significant items before income tax is arrived at after charging and crediting the following items:

CHARGES				
Depreciation and amortisation				
Land and buildings	**2,911**	2,879	**35**	35
Plant and equipment	**16,176**	16,198	**184**	220
Goodwill	**4,147**	4,090	–	–
Borrowing costs	**808**	958	**368**	377
Deferred expenditure	**576**	161	–	–
Leased assets	**136**	170	–	–
Bad and doubtful debt expense – net	**1,186**	9,541	–	–
Foreign exchange losses – net	**539**	–	–	–
Interest paid	**10,388**	11,369	**6,372**	6,063
Operating lease expense	**8,589**	9,337	**342**	435
Research and development	**1,736**	1,656	–	–
Loss on sale of property, plant and equipment	–	–	–	13
CREDITS				
Interest received:				
Related entities	–	–	**14,988**	15,429
Other persons and corporations	**1,319**	1,607	**64**	71
Profit on sale of non-current assets	–	–	–	7
Profit on sale of property, plant and equipment	**377**	391	–	–
Foreign exchange gains – net	–	5	–	–

"Other" expenses in the statements of financial performance include goodwill amortisation, research and development costs, bad and doubtful debt expense and the carrying value of non-current assets sold during the year.

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 4. SIGNIFICANT ITEMS

In 2004 loans to a North American swine customer were fully provided	**–**	(6,753)	**–**	–
Significant items before income tax	**–**	(6,753)	**–**	–
Applicable income tax credit	**–**	2,735	**–**	–
Restatement of deferred tax balance on tax consolidation (refer note 5)	**9,272**	–	**–**	–
Significant items after income tax and before outside equity interest	**9,272**	(4,018)	**–**	–
Outside equity interest	**–**	1,228	**–**	–
Significant items after income tax and outside equity interests	**9,272**	(2,790)	**–**	–

NOTE 5. INCOME TAX

The prima facie tax payable on the operating profit is reconciled with the income tax expense as follows:

Profit from ordinary activities before income tax	**39,461**	29,805	**15,183**	16,827
Prima facie tax payable at 30%	**11,838**	8,941	**4,555**	5,048
Tax effect of permanent differences:				
Depreciation and amortisation	**(81)**	682	**480**	(16)
Non-deductible expenses	**396**	294	**7**	124
Rebateable dividends	**–**	–	**(3,180)**	(3,000)
Share of net profits of associates	**(1,556)**	(1,562)	**–**	–
Capital gains not taxable	**(300)**	–	**–**	–
Losses not tax effected	**214**	101	**–**	–
Other items	**(182)**	(19)	**(129)**	(110)
Over provision in prior year	**(507)**	(323)	**(497)**	(140)
Foreign tax rate differential	**(58)**	979	**–**	–
Income tax expense attributable to operating profit before impact of tax consolidation	**9,764**	9,093	**1,236**	1,906
Significant item – effect of entry into tax consolidation	**(9,272)**	–	**(9,272)**	–
Impact of tax consolidation on income tax expense (refer below)	**–**	–	**(1,375)**	80
Income tax expense/(benefit)	**492**	9,093	**(9,411)**	1,986
Income tax expense for tax consolidated group excluding parent entity	**–**	–	**1,632**	912
Compensation received from the tax consolidated group	**–**	–	**(3,007)**	(832)
	–	–	**(1,375)**	80

Effective 1 July 2003, for the purposes of income taxation, Ridley Corporation Limited and its wholly owned Australian entities have formed a tax consolidation group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidation group is Ridley Corporation Limited.

An increase in the future income tax benefit of $9,272,000 was recognised in the current year from resetting tax values of certain assets in 100% Australian owned entities that entered into the Australian tax consolidated group in the prior year. The decision to reset these values was not made until the current year. The consolidated entity has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 6. DIVIDENDS

ORDINARY				
Final dividend paid on 27 October 2004 (29 October 2003)				
Fully franked – 3.25 (2004: 3.25) cents per share	**8,769**	8,670	**8,769**	8,670
Interim dividend paid on 31 March 2005 (6 April 2004)				
Unfranked – 3.25 (2004: 2.5 fully franked) cents per share	**8,824**	6,690	**8,824**	6,690
Total dividends paid	**17,593**	15,360	**17,593**	15,360
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 3.25 cents, 1.625 cents franked (2004: 3.25 cents fully franked) per fully paid share payable on 7 October 2005 (2004: 27 October 2004). The aggregate amount of the proposed dividend expected to be paid out of retained profits at 30 June 2005, but not recognised as a liability at year-end:	**8,894**	8,764	**8,894**	8,764
The proposed dividends will be franked out of existing franking credits and out of franking credits arising from the payment of income tax in the year ending 30 June 2006 and from fully franked dividends receivable.				
The estimated amount that could be distributed as dividends and be franked 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

NOTE 7. RECEIVABLES

CURRENT				
Trade debtors	**96,088**	96,477	–	–
Less: Provision for doubtful debts	**(3,669)**	(5,737)	–	–
	92,419	90,740	–	–
Customer loans and advances [a]	**3,242**	8,827	–	–
Less: Provision for doubtful debts	**(72)**	(3,213)	–	–
	3,170	5,614	–	–
Other debtors	**11,013**	6,796	**2,129**	1,456
	106,602	103,150	**2,129**	1,456
NON-CURRENT				
Customer loans and advances [a]	**7,805**	18,485	–	–
Less: Provision for doubtful debts	**(3,526)**	(12,320)	–	–
	4,279	6,165	–	–
Other debtors	**2,672**	1,963	**33**	–
Employee share scheme loans	**1,094**	852	**1,094**	852
Amounts owing by related entities	–	–	**258,059**	186,995
	8,045	8,980	**259,186**	187,847

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

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000

NOTE 8. INVENTORIES

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
CURRENT				
Raw materials and stores	**65,250**	61,067	**–**	–
Work in progress	**7,954**	9,009	**–**	–
Finished goods	**37,240**	35,130	**–**	–
	110,444	105,206	**–**	–

NOTE 9. LIVESTOCK

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
CURRENT				
Livestock	**–**	947	**–**	–
	–	947	**–**	–

	NUMBER	NUMBER		
Livestock – swine	**–**	13,350	**–**	–

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000

NOTE 10. OTHER

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
CURRENT				
Prepayments	**2,421**	3,180	**63**	91
Other	**182**	894	**–**	–
	2,603	4,074	**63**	91
NON-CURRENT				
Deferred expenditure	**7,440**	8,001	**2,669**	2,617
Less: Accumulated amortisation	**(4,873)**	(4,107)	**(1,774)**	(1,406)
	2,567	3,894	**895**	1,211

NOTE 11. OTHER FINANCIAL ASSETS

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
NON-CURRENT				
Shares in controlled entities – at cost	**–**	–	**7,274**	7,274
Shares in controlled entities – at deemed cost [a]	**–**	–	**101,179**	101,179
Shares in other corporations – at cost	**183**	204	**–**	–
	183	204	**108,453**	108,453

a. Shares in controlled entities were revalued by the directors as at 30 June 1999. After the introduction of AASB 1041 Revaluation of Non-Current Assets the shares were subsequently deemed to be at cost

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
NON-CURRENT				
Land and Buildings				
At cost	**56,804**	5,893	**–**	–
Less: Accumulated depreciation	**(533)**	(500)	**–**	–
At independent valuation 2003	**187,237**	185,551	**4,000**	4,000
Less: Accumulated depreciation	**(13,177)**	(2,379)	**(70)**	(35)
Total land and buildings	**230,331**	188,565	**3,930**	3,965
Plant and Equipment				
At cost	**255,777**	244,325	**3,800**	3,797
Less: Accumulated depreciation	**(132,520)**	(121,953)	**(3,518)**	(3,334)
Plant and equipment under construction	**17,757**	8,458	**–**	–
Under finance lease	**1,032**	1,261	**–**	–
Less: Accumulated amortisation	**(344)**	(299)	**–**	–
Total plant and equipment	**141,702**	131,792	**282**	463

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
Summary				
Property, plant and equipment:				
At cost	**312,581**	250,218	**3,800**	3,797
Under finance lease	**1,032**	1,261	**–**	–
At independent valuation 2003	**187,237**	183,172	**4,000**	4,000
Under construction	**17,757**	8,458	**–**	–
Less: Accumulated depreciation	**(146,574)**	(122,752)	**(3,588)**	(3,369)
	372,033	320,357	**4,212**	4,428

BASIS OF VALUATION

The basis of valuation of land and buildings, including salt fields, is fair market value based on existing use. The independent valuation in 2003 was carried out by qualified valuers in Australia and North America.

RECONCILIATIONS

Reconciliation 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:

	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
CONSOLIDATED			
Carrying amount at 1 July	188,565	131,792	320,357
Acquisitions	49,837	12,461	62,298
Additions	2,273	20,587	22,860
Disposals	(2,295)	(361)	(2,656)
Transfer	524	(524)	–
Revaluation	(1,192)	–	(1,192)
Foreign currency exchange differences	(4,470)	(5,941)	(10,411)
Depreciation (note 3)	(2,911)	(16,312)	(19,223)
Carrying amount at 30 June	230,331	141,702	372,033
PARENT ENTITY			
Carrying amount at 1 July	3,965	463	4,428
Additions	–	3	3
Depreciation (note 3)	(35)	(184)	(219)
Carrying amount at 30 June	3,930	282	4,212

NOTE 13. INTANGIBLES

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
NON-CURRENT				
At cost less amounts written off	**90,302**	80,880	**–**	–
Less: Accumulated amortisation	**(32,979)**	(30,480)	**–**	–
	57,323	50,400	**–**	–

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 14. DEFERRED TAX ASSETS

NON-CURRENT				
Future income tax benefit	**14,287**	3,993	**8,416**	–
	14,287	3,993	**8,416**	–

Future income tax benefits include the benefit of tax losses in controlled entities of $4,851,000 (2004: $3,991,000). The future income tax benefit at 30 June 2005 in respect of tax losses not brought to account is $740,000 (2004: $1,291,000).

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 15. PAYABLES

CURRENT				
Trade creditors and accruals	**130,946**	111,458	**2,312**	815
	130,946	111,458	**2,312**	815
NON-CURRENT				
Other creditors	**415**	484	**415**	484
	415	484	**415**	484

NOTE 16. INTEREST BEARING LIABILITIES

CURRENT				
Secured				
Bank overdraft and loans [a]	**8,722**	20,132	**20,098**	–
Lease liabilities	**193**	220	–	–
Unsecured				
Loans	**2,766**	268	–	–
	11,681	20,620	**20,098**	–

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

NON-CURRENT				
Secured				
Bank loans [a]	**163,104**	113,783	**121,500**	75,000
Lease liabilities	**312**	599	–	–
	163,416	114,382	**121,500**	75,000

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

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
NOTE 17. TAX LIABILITIES				
CURRENT				
Income tax	**2,551**	1,815	**795**	–
	2,551	1,815	**795**	–
NON-CURRENT				
Deferred income tax	**18,076**	21,932	**–**	3,242
	18,076	21,932	**–**	3,242
NOTE 18. PROVISIONS				
CURRENT				
Dividends	**2**	3	**2**	3
Employee entitlements (note 28)	**8,345**	8,032	**578**	499
Remediation	**205**	–	**–**	–
	8,552	8,035	**580**	502
NON-CURRENT				
Employee entitlements (note 28)	**10,923**	10,142	**293**	259
Remediation	**390**	–	**–**	–
	11,313	10,142	**293**	259
NOTE 19. CONTRIBUTED EQUITY				
Paid up capital – 273,670,824 (2004: 269,646,724) ordinary shares			**202,489**	197,341

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
June 2003	Opening balance	**266,761,326**		**194,134**
Oct 2003	Dividend Reinvestment Plan	581,014	1.4216	826
Apr 2004	Employee Share Scheme	607,055	0.6300	382
Apr 2004	Dividend Reinvestment Plan	1,779,384	1.3757	2,448
Various	Shares repurchased	(607,055)	1.3500*	(818)
Various	Exercise of employee options	525,000	0.7019*	369
June 2004	**Balance**	**269,646,724**		**197,341**
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	0.7659	428
Various	Shares repurchased	(558,540)	1.5326*	(856)
Various	Exercise of employee options	225,000	0.8555*	192
June 2005	**Balance**	**273,670,824**		**202,489**

* Weighted average price

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 2005, 8,975,000 (2004: 9,650,000) options were on issue. The options are exercisable at various dates up to 25 October 2009. Details of existing options are disclosed in note 28.

c. On 23 February 2004, The Company announced an on-market buy-back of 5% of its issued capital. No shares have been bought back. The buy-back notice has now lapsed.

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 20. RESERVES

Asset revaluation	**59,490**	60,683	**13,923**	13,923
Foreign currency translation	**(12,098)**	(4,005)	**–**	–
Capital	**28,487**	28,487	**–**	–
	75,879	85,165	**13,923**	13,923

ASSET REVALUATION RESERVE

Balance at 1 July	**60,683**	61,147	**13,923**	13,923
Decrement arising from revaluation of land and buildings	**(1,192)**	(456)	**–**	–
Transfer to outside equity interests due to the issue of shares by a controlled entity	**(1)**	(8)	**–**	–
Balance at 30 June	**59,490**	60,683	**13,923**	13,923

FOREIGN CURRENCY TRANSLATION RESERVE

Balance at 1 July	**(4,005)**	(544)	**–**	–
Movement arising from translation of foreign controlled entities	**(8,126)**	(3,471)	**–**	–
Transfer to outside equity interests due to the issue of shares by a controlled entity	**33**	10	**–**	–
Balance at 30 June	**(12,098)**	(4,005)	**–**	–

NATURE AND PURPOSE OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in the accounting policies and is only available for the payment of cash dividends in limited circumstances as permitted by law.

Foreign Currency Translation Reserve

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

Capital Reserve

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

NOTE 21. RETAINED PROFITS

Retained profits at the beginning of the financial year	**36,543**	34,420	**13,950**	14,469
Net profit attributable to members of Ridley Corporation Limited	**34,585**	17,700	**24,594**	14,841
Dividends paid (note 6)	**(17,593)**	(15,360)	**(17,593)**	(15,360)
Transfer to outside equity interests due to the issue of shares by a controlled entity	**(174)**	(217)	**–**	–
Retained profits at the end of the financial year	**53,361**	36,543	**20,951**	13,950

NOTE 22. OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

Interest in:				
Share capital	**25,932**	25,649	**–**	–
Reserves	**(4,241)**	(180)	**–**	–
Retained earnings	**28,528**	24,104	**–**	–
	50,219	49,573	**–**	–

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 23. EQUITY

Total equity at the beginning of the financial year	**368,622**	365,218	**225,214**	222,526
Total changes in equity recognised in the statements of financial performance	**25,299**	13,775	**24,594**	14,841
Transfer to outside equity interests due to the issue of shares by a controlled entity	**(174)**	(217)	**–**	–
Transactions with owners as owners				
Contributions of equity	**5,148**	3,207	**5,148**	3,207
Dividends paid	**(17,593)**	(15,360)	**(17,593)**	(15,360)
Changes in outside equity interest	**646**	1,999	**–**	–
Total equity at the end of the financial year	**381,948**	368,622	**237,363**	225,214

NOTE 24. FINANCIAL INSTRUMENTS

A. OFF-BALANCE SHEET DERIVATIVE INSTRUMENTS

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

Interest Rate Swap Contracts

At balance date bank loans of the consolidated entity incur an average variable interest rate of 6.12% (2004: 5.33%). It is Company policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap contracts under which it has fixed the interest rate payable. The contracts are settled on a net basis and the net amount receivable or payable at the reporting date is included in other debtors or creditors and accruals.

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

Swaps in place cover approximately 82% (2004: 94%) of the loan principal outstanding. The average fixed rate on the swaps, including margins, is 6.12% (2004: 6.69%).

At 30 June 2005, the notional principal amounts and periods of expiry of the contracts are as follows:

	2005 $'000	2004 $'000
0 – 1 year	**56,178**	69,795
1 – 2 years	**50,679**	30,767
2 – 3 years	**35,680**	15,000
3 – 4 years	**–**	10,000
	142,537	125,562

Foreign Exchange Contracts

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 2005 the controlled entities have contracted to 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 (2004: selling US$350,000 for A$497,000, NZ$2,000,000 for A$1,770,000, JPY23,165,000 for A$309,000 and US$2,000,000 for CAD$2,694,000).

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

The following gains, losses and costs have been deferred at 30 June 2005:

Unrealised gains	**23**	78

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

B. CREDIT RISK EXPOSURES

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

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

C. INTEREST RATE RISK EXPOSURES

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

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

2005	NOTES	FLOATING INTEREST RATE $'000	FIXED INTEREST MATURING IN: 1 YEAR OR LESS $'000	OVER 1 TO 5 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
Financial Assets						
Cash and deposits		**10,965**	**–**	**–**	**22**	**10,987**
Receivables	7	**–**	**3,170**	**4,279**	**107,198**	**114,647**
		10,965	**3,170**	**4,279**	**107,220**	**125,634**
Weighted average interest rate		**4.39%**	**6.00%**	**6.00%**	**–**	**–**
Financial Liabilities						
Loans and bank overdrafts	16	**174,592**	**–**	**–**	**–**	**174,592**
Trade and other creditors	15	**–**	**–**	**–**	**131,361**	**131,361**
Lease liabilities	16	**–**	**193**	**312**	**–**	**505**
Interest rate swaps*		**(142,537)**	**56,178**	**86,359**	**–**	**–**
		32,055	**56,371**	**86,671**	**131,361**	**306,458**
Weighted average interest rate		**6.12%**	**5.77%**	**6.36%**	**–**	**–**
Net financial assets (liabilities)		**(21,090)**	**(53,201)**	**(82,392)**	**(24,141)**	**(180,824)**

* Notional principal amounts

2004	NOTES	FLOATING INTEREST RATE $'000	FIXED INTEREST MATURING IN: 1 YEAR OR LESS $'000	OVER 1 TO 5 YEARS $'000	NON-INTEREST BEARING $'000	TOTAL $'000
Financial Assets						
Cash and deposits		11,543	–	–	20	11,563
Receivables	7	–	5,614	7,584	98,932	112,130
		11,543	5,614	7,584	98,952	123,693
Weighted average interest rate		2.79%	5.90%	5.14%	–	–
Financial Liabilities						
Loans and bank overdrafts	16	134,183	–	–	–	134,183
Trade and other creditors	15	–	–	–	111,942	111,942
Lease liabilities	16	–	220	599	–	819
Interest rate swaps*		(125,562)	69,795	55,767	–	–
		8,621	70,015	56,366	111,942	246,944
Weighted average interest rate		5.33%	7.00%	7.00%	–	–
Net financial assets (liabilities)		2,922	(64,401)	(48,782)	(12,990)	(123,251)

* Notional principal amounts

	NOTES	2005 $'000	2004 $'000

NOTE 24. FINANCIAL INSTRUMENTS (CONTINUED)

C. INTEREST RATE RISK EXPOSURES (CONTINUED)

Reconciliation of Net Financial Assets to Net Assets

	NOTES	2005 $'000	2004 $'000
Net financial liabilities as above		**(180,824)**	(123,251)
Non-financial assets and liabilities:			
Inventories	8, 9	**110,444**	106,153
Investments and other financial assets	11, 37	**44,007**	44,926
Property, plant and equipment	12	**372,033**	320,357
Intangibles	13	**57,323**	50,400
Other assets	10, 14	**19,457**	11,961
Provisions	17, 18	**(40,492)**	(41,924)
Net assets per statements of financial position		**381,948**	368,622

D. NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

i. On-balance Sheet

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

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

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

ii. Off-balance Sheet

For interest rate swaps, the net fair value has been determined as the carrying amount, which represents the amount currently receivable or payable at 30 June 2005 and the present value of estimated future cash flows which have not been recognised as an asset or liability.

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

	2005		2004	
	CARRYING AMOUNT $'000	NET FAIR VALUE $'000	CARRYING AMOUNT $'000	NET FAIR VALUE $'000
ON-BALANCE SHEET FINANCIAL INSTRUMENTS				
Financial Assets				
Trade debtors	**92,419**	**92,419**	90,740	90,740
Cash and deposits	**10,987**	**10,987**	11,563	11,563
Other debtors	**22,205**	**22,205**	21,312	21,312
Other financial assets	**183**	**183**	204	204
Forward exchange contract	**23**	**23**	78	78
	125,817	**125,817**	123,897	123,897
Financial Liabilities				
Loans and bank overdrafts	**174,592**	**174,592**	134,182	134,182
Trade and other creditors	**131,361**	**131,361**	111,942	111,942
Lease liabilities	**505**	**505**	819	819
	306,458	**306,458**	246,943	246,943
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS				
Financial Liabilities				
Interest rate swaps	**745**	**745**	1,637	1,637

None of the classes of financial assets and liabilities are readily traded on organised markets in standard form.

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000

NOTE 25. COMMITMENTS FOR EXPENDITURE

Capital expenditure contracted for and payable not later than one year	**15,667**	10,331	**–**	–
Operating leases contracted but not provided for in the accounts:				
Due within 1 year	**6,334**	5,840	**377**	419
Due within 1 – 2 years	**4,109**	4,192	**76**	326
Due within 2 – 5 years	**4,797**	3,796	**89**	17
Due after 5 years	**3,606**	4,305	**–**	–
	18,846	18,133	**542**	762
Finance leases contracted for as follows:				
Due within 1 year	**193**	220	**–**	–
Due within 1 – 2 years	**312**	227	**–**	–
Due within 2 – 5 years	**–**	372	**–**	–
Minimum lease payments	**505**	819	**–**	–
Deduct: Future finance charges	**39**	111	**–**	–
Lease liabilities	**466**	708	**–**	–
Management fees and livestock purchase commitments contracted but not provided for in the accounts:				
Due within 1 year	**–**	4,707	**–**	–
Due within 1 – 2 years	**–**	284	**–**	–
Due within 2 – 5 years	**–**	71	**–**	–
	–	5,062	**–**	–

In 2004, a controlled entity contracted with third party producers pursuant to various swine management, grow-out and feeding agreements. Under the terms of the agreements, livestock owned by the controlled entity was managed and maintained in the producers' facilities for which the controlled entity paid the producer a management fee. The controlled entity contracted with third party producers pursuant to various weanling supply agreements. Under the terms of the agreements, all livestock raised by the producer had to be delivered to the consolidated entity at a price specified in the agreements. No management fees or livestock commitments remain in 2005.

NOTE 26. CONTINGENT LIABILITIES

LEGAL CLAIM

Law suits filed in Alberta, Saskatchewan, Quebec and Ontario against the Canadian Federal Government also name Ridley Corporation Limited and its Canadian subsidiary Ridley Inc as co-defendents.

The proposed representative plaintiffs are seeking 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 export of Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy in a cow in Alberta, Canada. The Ontario action seeks a national class to include affected cattle farmers residing in the six remaining Canadian provinces.

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.

Each of the four proceedings is at an early stage. Ridley Corporation and Ridley Inc are, and will continue to, actively defend each of the actions.

At this time Ridley Corporation and Ridley Inc cannot determine what impact, if any, these law suits may have on it, or its future earnings, and no accruals have been made in respect of the actions.

NOTE 26. CONTINGENT LIABILITIES (CONTINUED)

OTHER

The consolidated entity has guaranteed certain debts and obligations of various customers totalling $2,481,000 (2004: $3,613,000).

Secured guarantees by the parent entity in respect of bank borrowings and other related obligations of controlled entities were $49,204,000 (2004: $58,742,000). 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 (2004: $310,000).

In 2002, a controlled entity divested a subsidiary. The purchaser of the subsidiary has notified the controlled entity of certain potential warranty and indemnity claims following the sale. The relevant parties are in negotiation in respect of those claims and it is not practical to assess the financial exposure related to them. Any ultimate settlement of these claims is not expected to have a material financial impact.

Under the terms of the sale agreement for a subsidiary, a controlled entity is obligated to fund the deficit in its UK Pension Plan. At 30 June 2005 this deficit was $237,000 (2004: $524,000) which has been provided for. This plan is now closed. Plan asset values may fluctuate due to market conditions.

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

NOTE 27. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2005 $	2004 $	**2005 $**	2004 $
Amounts received or due and receivable by the auditors for:				
a. Auditing and review of financial reports				
PricewaterhouseCoopers – Australian firm	**501,000**	362,000	**231,000**	150,000
PricewaterhouseCoopers – related practices	**671,512**	448,647	–	–
Other auditors	**5,809**	6,072	–	–
b. Taxation compliance				
PricewaterhouseCoopers – Australian firm	**117,325**	203,815	**72,325**	116,143
PricewaterhouseCoopers – related practices	**191,730**	194,990	–	–
c. Other services				
PricewaterhouseCoopers – Australian firm	**311,999**	–	**311,999**	–
PricewaterhouseCoopers – related practices	**389,988**	–	–	–
	2,189,363	1,215,524	**615,324**	266,143

NOTE 28. EMPLOYEE ENTITLEMENTS

	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Aggregate employee entitlements including on-costs				
Current (note 18)	**8,345**	8,032	**578**	499
Non-current (note 18)	**10,923**	10,142	**293**	259
	19,268	18,174	**871**	758

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 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 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. The movement in the share price constitutes the performance criteria for these options to be exercised.

NOTE 28. EMPLOYEE ENTITLEMENTS (CONTINUED)

EQUITY PLANS (CONTINUED)

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

OPTIONS	EXERCISE PRICE	EXERCISE DATE
500,000	$0.59	1 November 2002 to 1 November 2005
200,000	$0.79	12 February 2004 to 12 February 2006
500,000	$0.72	9 July 2004 to 9 July 2006
250,000	$0.89	26 September 2004 to 26 September 2006
500,000	$0.96	29 October 2004 to 29 October 2006
250,000	$1.33	26 February 2004 to 26 February 2007
300,000	$1.40	26 February 2005 to 26 February 2007
300,000	$1.47	26 February 2006 to 26 February 2007
166,667	$1.50	28 November 2004 to 28 November 2007
166,667	$1.57	28 November 2005 to 28 November 2007
166,666	$1.65	28 November 2006 to 28 November 2007
83,333	$1.70	6 January 2005 to 6 January 2008
83,333	$1.79	6 January 2006 to 6 January 2008
83,334	$1.87	6 January 2007 to 6 January 2008
658,338	$1.63	31 January 2005 to 31 January 2008
658,331	$1.71	31 January 2006 to 31 January 2008
658,331	$1.80	31 January 2007 to 31 January 2008
166,666	$1.54	27 October 2005 to 27 October 2008
166,667	$1.61	27 October 2006 to 27 October 2008
166,667	$1.69	27 October 2007 to 27 October 2008
816,663	$1.36	12 January 2006 to 12 January 2009
816,667	$1.42	12 January 2007 to 12 January 2009
816,670	$1.50	12 January 2008 to 12 January 2009
166,667	$1.48	25 October 2006 to 25 October 2009
166,667	$1.56	25 October 2007 to 25 October 2009
166,666	$1.64	25 October 2008 to 25 October 2009
8,975,000		
500,000 (2004: 3,050,000) options were granted under the plan during the year as follows:		
166,667	$1.48	25 October 2006 to 27 October 2009
166,667	$1.56	25 October 2007 to 27 October 2009
166,666	$1.64	25 October 2008 to 27 October 2009

During the year ended 30 June 2005 225,000 (2004: 525,000) ordinary shares were issued on the exercise of options granted under the plan for $192,000 (2004: $369,000). The market value of shares issued during the year was $315,000 (2004: $691,000).

ii. 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 issued to qualifying Australian employees 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 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. 558,540 (2004: 607,055) shares were issued under this scheme during the year for $428,000 (2004: $382,000). The market value of the shares issued was $810,000 (2004: $765,000). The total loan amount outstanding at 30 June 2005 was $1,094,000 (2004: $852,000).

NOTE 28. EMPLOYEE ENTITLEMENTS (CONTINUED)

EQUITY PLANS (CONTINUED)

iii. Ridley Inc – Stock Option Plan

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

Options granted under the plan will have an exercise price of not less than the market price of the common shares of Ridley Inc at the time of grant based on the closing sale price of common shares on the business day immediately prior and are exercisable over a maximum of 10 years. During the year ended 30 June 2005 45,000 shares (2004: 67,200) were issued on the exercise of options granted under the plan for $295,000 (2004: $491,000). The market value of the shares issued was $505,000 (2004: $760,000).

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 (2004: Nil). Options outstanding under the plan at balance date are as follows:

OPTIONS	EXERCISE PRICE	EXERCISE DATE
94,100	C$6.50	1 December 2001 to 1 December 2005
162,500	C$5.38	6 November 2002 to 6 November 2006

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 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. Participants will be entitled to bonuses ranging from 11% to 21.25% of their base salary provided Ridley Inc meets its performance target based on return on funds employed for each fiscal year. Participants will be credited annually based on performance during each fiscal year for a three or four-year period (a “Program Cycle”) and will be eligible to receive an incentive payment in the fiscal quarter following the end of the Program Cycle provided the participant has remained an employee throughout the applicable Program Cycle and on the date the payment is actually made. A participant will be entitled to a pro rata incentive payment should their employment be terminated prior to the date payment is actually made by reason of death, retirement or disability or if their employment is involuntarily terminated by reason of a redundancy.

SUPERANNUATION

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

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

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

Company contributions in terms of awards and agreements are legally enforceable and, in addition, contributions for all employees have to be made at minimum levels for the consolidated entity to comply with its obligations in terms of the Superannuation Guarantee Act.

Other contributions are in the main 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.

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

	CONSOLIDATED	
	2005 $'000	2004 $'000

NOTE 28. EMPLOYEE ENTITLEMENTS (CONTINUED)

SUPERANNUATION (CONTINUED)

a. Defined Benefit Fund

Ridley Superannuation Plan

Last actuarial assessment as at 1 July 2002 by J Hancock FIAA.

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

	2005 $'000	2004 $'000
Present value of employees' accrued benefits [a]	**7,332**	7,332
Net market value of assets held by the fund to meet future benefit payments [a]	**7,146**	7,146
Deficit of assets held to meet future benefit payments over the present value of employees' accrued benefits	**(186)**	(186)
Vested benefits [a]	**7,022**	7,022
Employer contributions to the fund during the year	**300**	426

a. As at 1 July 2002 for 2005 and 2004. This is the most recent information available from the 2002 actuarial assessment

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

b. Defined Contribution Funds

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

Ridley Superannuation Plan – Australia

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

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. Prior service costs are amortised over the average future service period of active plan participants. Plan assets include equity and fixed-income securities.

a. Hubbard Feeds Inc Salaried Employees Retirement Plan

Last actuarial assessment as at 30 April 2005 by D A Anderson, ASA, MAA, EA.

	2005 $'000	2004 $'000
Present value of employees' accrued benefits	**16,860**	15,001
Net market value of assets held by the fund to meet future benefit payments	**11,539**	10,688
Deficiency of assets held to meet future benefit payments	**(5,321)**	(4,313)
Vested benefits	**12,377**	10,791
Employer contributions to the fund for the year	**1,494**	1,398

The 2005 information is as at 30 April 2005 and 2004 is as at 30 April 2004.

	CONSOLIDATED	
	2005 $'000	2004 $'000

NOTE 28. EMPLOYEE ENTITLEMENTS (CONTINUED)

PENSION PLANS (CONTINUED)

b. Hubbard Feeds Inc Pension Plan for Hourly Wage Employees

Last actuarial assessment as at 30 April 2005 by D A Anderson, ASA, MAA, EA.

	2005 $'000	2004 $'000
Present value of employees' accrued benefits	**8,517**	7,790
Net market value of assets held by the fund to meet future benefit payments	**6,275**	5,610
Deficiency of assets held to meet future benefit payments	**(2,242)**	(2,180)
Vested benefits	**7,580**	6,911
Employer contributions to the fund for the year	**1,190**	779

The 2005 information is as at 30 April 2005 and 2004 is as at 30 April 2004.

$1,036,000 (2004: $973,000) of the deficiencies in the Hubbard Feeds Inc pension plans are provided for in the financial statements.

The most recent actuarial valuation of the pension plans for funding purposes was 30 April, 2005, and the next required valuation will be 30 April, 2006.

POST-RETIREMENT HEALTH CARE BENEFITS

Last actuarial assessment as at 30 April 2005 by D A Anderson, ASA, MAA, EA.

A controlled entity provides post retirement health care benefits for US employees. These benefits are supplemental to statutory provided health care costs. 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.

The controlled entity measures its accrued benefit obligations as at 30 April of each year. The change in the financial status of the post retirement obligations and amounts recognised in the consolidated financial statements as at 30 June, 2005 and 2004 are:

	2005 $'000	2004 $'000
Benefit obligation	**6,580**	5,766
Future service obligation	**(2,331)**	(1,774)
Net amount provided for in the accounts	**4,249**	3,992

NOTE 29. RELATED PARTY DISCLOSURES

DIRECTORS

Information on directors is disclosed in note 30.

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 on the board of directors. Information relating to material interests in associated entities is set out in note 37.

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

NOTE 29. RELATED PARTY DISCLOSURES (CONTINUED)

OTHER RELATED PARTIES (CONTINUED)

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
Management and directors' fees – Associated entities	**105**	374	–	–
Aggregate amounts brought to account in relation to other transactions with each class of other related parties:				
Supply of products to associated entities	**8,625**	6,690	–	–
Supply of products by associated entities	**1,462**	1,449	–	–
Aggregate amounts receivable from, and payable to, each class of other related parties at balance date were as follows:				
Current receivables – associated entities	**493**	562	–	–

WHOLLY OWNED GROUP

Information relating to controlled entities is set out in note 36.

Transactions between Ridley Corporation Limited and controlled entities consisted of:

a. Interest charged on outstanding balances.
b. Payment of dividends to Ridley Corporation Limited.
c. Management charges.
d. Rent for use of assets.

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with controlled entities were as follows:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
Interest revenue			**14,988**	15,429
Dividend revenue			**10,600**	10,000
Management charges			**5,321**	5,750
Rental charges			**2**	2
Aggregate amounts receivable from controlled entities at balance date were as follows:				
Non-current receivable			**257,969**	186,995

NOTE 30. DIRECTORS' AND EXECUTIVES' 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
D G McGauchie (resigned 11 October 2004)
E B Bryan
R J Lee
R J Lotze
A L Vizard

REMUNERATION

Details of directors' and executives' remuneration is set out in the Remuneration Report, page 29.

NOTE 30. DIRECTORS' AND EXECUTIVES' DISCLOSURES (CONTINUED)

SHARE HOLDINGS

The numbers of shares in the Company held during the financial year by each director of Ridley Corporation Limited and each of the seven specified executives of the consolidated entity, including their personally related entities, are set out below:

	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
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
Specified Executives 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

RIDLEY INC SHARE HOLDINGS

	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
Directors of Ridley Corporation Limited				
J S Keniry	800	–	–	800
Specified Executives of the Consolidated Entity				
R B Gallaway	10,000	–	–	10,000
M S Mitchell	500	–	–	500

OTHER TRANSACTIONS WITH DIRECTORS AND SPECIFIED EXECUTIVES

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. Purchases totalled $67,354 (2004: $429,905) up to when he resigned on 11 October 2004.

NOTE 31. INDUSTRY AND GEOGRAPHICAL DATA

INDUSTRY SEGMENT DATA – 2005

INDUSTRY SEGMENTS	SALT $'000	STOCKFEED AND RURAL PRODUCTS: AUSTRALIA FEEDS $'000	CANADA FEEDS $'000	US FEEDS $'000	US NUTRITION SOLUTIONS $'000	DISCONTINUED OPERATIONS $'000	UNALLOCATED $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales – External	71,539	443,088	158,931	380,259	99,282	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**	**773**	**–**	**(35,182)**	**1,153,872**
Share of profit of associates	5,182	–	–	–	–	–	–	–	5,182
Interest on customer loans	–	–	–	443	27	–	–	–	470
Other revenue	205	2,017	1,070	5,471	138	45	87	–	9,033
Total revenue	**76,926**	**445,105**	**160,001**	**413,802**	**107,000**	**818**	**87**	**(35,182)**	**1,168,557**
Result from operations	18,121	14,560	3,890	14,417	9,740	155	(11,545)	–	49,338
Interest on customer loans	–	–	–	443	27	–	–	–	470
Segment result including interest on customer loans	**18,121**	**14,560**	**3,890**	**14,860**	**9,767**	**155**	**(11,545)**	**–**	**49,808**
Net finance costs	–	–	–	–	–	–	–	–	(10,347)
Profit from ordinary activities before income tax	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**39,461**
Income tax expense	–	–	–	–	–	–	–	–	(9,764)
Income tax benefit – significant item	–	–	–	–	–	–	–	–	9,272
Net profit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38,969**
Segment assets	259,819	160,958	80,840	131,300	67,972	1,042	26,967	–	728,898
Investments in associates	43,824	–	–	–	–	–	–	–	43,824
Acquisitions of fixed assets, intangibles and other non-current segment assets	56,137	6,593	1,909	4,350	16,166	–	3	–	85,158
Segment liabilities	15,009	78,842	16,094	30,178	7,183	294	199,350	–	346,950
Depreciation and amortisation expense	2,873	6,992	3,468	6,981	3,390	–	1,050	–	24,754

NOTE 31. INDUSTRY AND GEOGRAPHICAL DATA (CONTINUED)

INDUSTRY SEGMENT DATA – 2004

INDUSTRY SEGMENTS	SALT $'000	STOCKFEED AND RURAL PRODUCTS AUSTRALIA FEEDS $'000	CANADA FEEDS $'000	US FEEDS $'000	US NUTRITION SOLUTIONS $'000	DIS-CONTINUED OPERATIONS $'000	UNALLOCATED $'000	ELIMINATIONS $'000	CONSOLIDATED $'000
Sales – External	66,228	440,897	177,927	414,718	62,782	16,796	–	–	1,179,348
Sales – Internal	1,608	–	4,508	1,406	1,800	–	–	(9,322)	–
Total sales revenue	**67,836**	**440,897**	**182,435**	**416,124**	**64,582**	**16,796**	**–**	**(9,322)**	**1,179,348**
Share of profit of associates	5,208	–	–	–	–	–	–	–	5,208
Interest on customer loans	–	–	27	551	–	8	–	–	586
Other revenue	259	446	393	501	–	5,190	318	–	7,107
Total revenue	**73,303**	**441,343**	**182,855**	**417,176**	**64,582**	**21,994**	**318**	**(9,322)**	**1,192,249**
Result from operations	19,567	7,001	7,233	17,599	8,471	(1,922)	(10,671)	–	47,278
Significant items	–	–	–	(6,753)	–	–	–	–	(6,753)
Interest on customer loans	–	–	27	551	–	8	–	–	586
Segment result including interest on customer loans	**19,567**	**7,001**	**7,260**	**11,397**	**8,471**	**(1,914)**	**(10,671)**	**–**	**41,111**
Net finance costs	–	–	–	–	–	–	–	–	(11,306)
Profit from ordinary activities before income tax	–	–	–	–	–	–	–	–	**29,805**
Income tax expense	–	–	–	–	–	–	–	–	(9,093)
Net profit	–	–	–	–	–	–	–	–	**20,712**
Segment assets	194,414	158,130	95,860	149,024	44,517	3,451	12,094	–	657,490
Investments in associates	44,722	–	–	–	–	–	–	–	44,722
Acquisitions of fixed assets, intangibles and other non-current segment assets	4,532	4,684	2,112	9,326	3,818	37	197	–	24,706
Segment liabilities	8,581	63,638	19,977	33,163	1,887	2,128	159,494	–	288,868
Depreciation and amortisation expense	2,196	6,890	3,292	7,430	3,239	62	1,347	–	24,456
Other non-cash expenses	–	–	–	6,657	–	–	–	–	6,657

GEOGRAPHIC SEGMENTS

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

GEOGRAPHIC SEGMENTS	AUSTRALASIA **2005 $'000**	2004 $'000	NORTH AMERICA **2005 $'000**	2004 $'000	EUROPEAN UNION **2005 $'000**	2004 $'000	ELIMINATION **2005 $'000**	2004 $'000	CONSOLIDATED **2005 $'000**	2004 $'000
External sales	**514,627**	507,125	**639,245**	672,223	**–**	–	**–**	–	**1,153,872**	1,179,348
Acquisitions of fixed assets, intangibles and other non-current assets	**62,733**	9,413	**22,425**	15,293	**–**	–	**–**	–	**85,158**	24,706
Segment assets	**475,418**	394,978	**287,228**	295,415	**1,042**	1,887	**(34,790)**	(34,790)	**728,898**	657,490

INDUSTRY SEGMENTS

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

Stockfeed and Rural Products

Produces and markets stock and poultry feeds, aquafeeds, vitamin and mineral supplements, and rural merchandise.

Salt

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

Discontinued Operations

Developed and sold swine genetics.

The basis of intersegmental pricing is market pricing.

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

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000

NOTE 32(I). RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX

	2005	2004	2005	2004
Net cash inflow from operating activities	**67,271**	56,102	**15,046**	16,576
Depreciation and amortisation	**(24,754)**	(24,456)	**(587)**	(632)
Net profit (loss) on sale of non-current assets	**377**	391	**–**	(6)
Other	**5**	(29)	**135**	35
Significant items	**–**	(6,753)	**–**	–
Gain on disposal of Cotswold	**–**	2,280	**–**	–
Dividends in excess of equity profits	**(898)**	(903)	**–**	–
Change in operating assets and liabilities, net of effects from purchase of controlled entities:				
Decrease in trade debtors and doubtful debt provision	**(993)**	(9,052)	**–**	–
Increase/(decrease) in inventories	**4,391**	(835)	**–**	–
Increase/(decrease) in deferred tax assets	**9,199**	(4,819)	**8,416**	(742)
Increase/(decrease) in other debtors	**1,412**	(906)	**78**	17
Increase/(decrease) in prepayments	**(739)**	612	**(28)**	1
(Increase)/decrease in trade creditors	**(19,928)**	6,647	**(1,536)**	414
(Increase)/decrease in employee provisions	**(1,182)**	31	**(112)**	(75)
(Increase)/decrease in other provisions	**68**	(90)	**68**	(90)
(Increase)/decrease in provision for income tax payable	**767**	(2,744)	**(795)**	1,129
Decrease in provision for income tax	**766**	1,449	**667**	1,457
Decrease in provision for deferred income tax	**3,207**	3,787	**3,242**	(3,242)
Operating profit after income tax but before outside equity interest	**38,969**	20,712	**24,594**	14,842

NOTE 32 (II). RECONCILIATION OF CASH

For the purpose of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits at call net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	2005	2004	2005	2004
Cash	**10,715**	11,006	**2**	2,030
Short-term deposits	**272**	557	**–**	–
	10,987	11,563	**2**	2,030
Bank overdraft	**(3,491)**	(3,663)	**(20,098)**	–
Total cash	**7,496**	7,900	**(20,096)**	2,030

NOTE 33. NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year dividends of $5,384,000 (2004: $3,274,000) were satisfied by the issue of 3,799,100 (2004: 2,360,398) shares under the Dividend Reinvestment Plan.

NOTE 34. 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.

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

Limits to Cash Advances

CURRENCY	REVOLVING LIMIT	REVOLVING UTILISED	NON-REVOLVING LIMIT	NON-REVOLVING UTILISED	TOTAL LIMIT	TOTAL UTILISED
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$20m**
Canadian Dollars	**C$26m**	**C$19m**	**C$2m**	**C$2m**	**C$28m**	**C$21m**
2004						
Australian Dollars	A$70m	A$25m	A$50m	A$50m	A$120m	A$75m
United States Dollars	US$38m	US$9m	US$12m	US$12m	US$50m	US$21m
Canadian Dollars	C$36m	C$16m	C$6m	C$6m	C$42m	C$22m

Repayments

CURRENCY	REVOLVING	NON-REVOLVING
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 due October 2005

SHORT-TERM CREDIT FACILITIES

Australian Dollar Facilities

The consolidated entity has a $6.5 million (2004: $6.5 million) net overdraft facility, subject to annual review. At 30 June 2005 and 2004 this facility was unutilised.

The consolidated entity has standby facilities totalling $55.0 million, these facilities expire on 29 June 2006. As at 30 June 2005,these facilities were unutilised.

United States Dollar Facilities

The consolidated entity has a US$1.1 million (2004: US$1.1 million) loan facility subject to annual review. At 30 June 2005 US$0.7 million (2004: US$0.7 million) of this was utilised.

The consolidated entity has a US$4.0 million (2004: US$2.0 million) open line of credit subject to annual review. At 30 June 2005 US$2.1 million (2004: Nil) of this facility was utilised.

Canadian Dollar Facility

The consolidated entity has a C$5.0 million (2004: C$5.0 million) overdraft facility, subject to annual review. At 30 June 2005 this facility was unutilised (2004: C$3.4 million utilised).

NOTE 35. EARNINGS PER SHARE

	CONSOLIDATED 2005	CONSOLIDATED 2004
Before significant items		
Basic earnings per share	**9.3c**	7.7c
Diluted earnings per share	**9.3c**	7.6c
After significant items		
Basic earnings per share	**12.7c**	6.6c
Diluted earnings per share	**12.7c**	6.6c
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	**271,433,818**	267,962,509
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**272,286,128**	268,893,822

NOTE 35. EARNINGS PER SHARE (CONTINUED)

	2005 EARNINGS PER SHARE BASIC $'000	2005 EARNINGS PER SHARE DILUTED $'000	2004 EARNINGS PER SHARE BASIC $'000	2004 EARNINGS PER SHARE DILUTED $'000
Profit from ordinary activities before significant items	**25,313**	**25,313**	20,490	20,490
Significant items after tax and outside equity interest	**9,272**	**9,272**	(2,790)	(2,790)
Profit attributable to members and earnings used in calculating earnings per share	**34,585**	**34,585**	17,700	17,700

	BASIC	DILUTED	BASIC	DILUTED
Weighted average number of shares used as the denominator				
Weighted average number of shares on issue	**271,433,818**	**271,433,818**	267,962,509	267,962,509
Plus dilutive options below share price	**–**	**852,310**	–	931,313
Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share	**271,433,818**	**272,286,128**	267,962,509	268,893,822

Options

Options granted to employees under the Incentive Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The options listed below have not been included in the determination of diluted earnings per share. Details relating to the options are set out in note 28.

2005 NUMBER	2005 PRICE	2005 EXPIRE	2004 NUMBER	2004 PRICE	2004 EXPIRE
300,000	**$1.40**	**26 February 2007**	466,667	$1.40	26 February 2007
300,000	**$1.47**	**26 February 2007**	466,666	$1.47	26 February 2007
166,667	**$1.50**	**28 November 2007**	166,667	$1.50	28 November 2007
166,667	**$1.57**	**28 November 2007**	166,667	$1.57	28 November 2007
166,666	**$1.65**	**28 November 2007**	166,666	$1.65	28 November 2007
83,333	**$1.70**	**6 January 2008**	83,333	$1.70	6 January 2008
83,333	**$1.79**	**6 January 2008**	83,333	$1.79	6 January 2008
83,334	**$1.87**	**6 January 2008**	83,334	$1.87	6 January 2008
658,338	**$1.63**	**31 January 2008**	775,006	$1.63	31 January 2008
658,331	**$1.71**	**31 January 2008**	774,997	$1.71	31 January 2008
658,331	**$1.80**	**31 January 2008**	774,997	$1.80	31 January 2008
166,666	**$1.54**	**27 October 2008**	166,666	$1.54	27 October 2008
166,667	**$1.61**	**27 October 2008**	166,667	$1.61	27 October 2008
166,667	**$1.69**	**27 October 2008**	166,667	$1.69	27 October 2008
816,663	**$1.36**	**12 January 2009**	850,000	$1.42	12 January 2009
816,667	**$1.42**	**12 January 2009**	850,004	$1.50	12 January 2009
816,670	**$1.50**	**12 January 2009**			
166,667	**$1.48**	**25 October 2009**			
166,667	**$1.56**	**25 October 2009**			
166,666	**$1.64**	**25 October 2009**			

NOTE 36. INVESTMENTS IN CONTROLLED ENTITIES

BUSINESSES AND CONTROLLED ENTITIES ACQUIRED

The consolidated entity acquired the Dry Creek salt field and associated plant on 19 May 2005.

The consolidated entity acquired 100% of the business and assets of SweetLix LLC, a livestock feed supplement business, on 30 July 2004.

The previous year, the consolidated entity acquired 100% of the assets and business of Heartland Inc, a stockfeed manufacturer, on 11 August 2003.

	FAIR VALUE OF ASSETS ACQUIRED	
	2005 $'000	2004 $'000
Current Assets		
Receivables	**3,124**	595
Inventories	**6,724**	1,744
Other	**95**	3
Non-current Assets		
Property, plant and equipment	**62,298**	4,804
Deferred tax asset	**296**	–
Other	**63**	–
Current Liabilities		
Payables	**(2,138)**	(1,201)
Provisions	**(417)**	–
Non-current Liabilities		
Provisions	**(570)**	–
Net assets acquired	**69,475**	5,945
Consideration	**84,831**	6,811
Goodwill acquired	**15,356**	866
Cash consideration	**84,831**	6,811
Less: Consideration payable	**5,387**	–
Outflow of cash to acquire businesses and controlled entities net of cash acquired	**79,444**	6,811

NOTE 36. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

BUSINESSES AND CONTROLLED ENTITIES DISPOSED

At 30 June 2003 all assets employed in the operation of the Cotswold Swine Genetics business in North America were written down to estimated recoverable value. On 23 September 2003 a controlled entity sold the major assets of that business. Residual operations and commitments were exited in early 2005.

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 below. Further information is disclosed in note 31, Industry and Geographical Data.

	CONSOLIDATED	
	2005 $'000	2004 $'000
Revenue from ordinary activities	**773**	16,796
Revenue from the sale of discontinued operation	–	5,190
Total revenue from ordinary activities	**773**	21,986
Expenses from ordinary activities, excluding the carrying amount of assets sold	**604**	21,132
Carrying amount of net assets sold and costs incurred in sale	–	2,910
	604	24,042
Profit/(loss) from ordinary activities before income tax	**169**	(1,914)
Income tax (expense)/benefit	**(361)**	844
Net loss	**(192)**	(1,070)
CARRYING AMOUNT OF ASSETS AND LIABILITIES		
Cash assets	–	437
Deferred receivable	**1,042**	1,163
Receivables	–	818
Inventories	–	948
Other	–	85
Total assets	**1,042**	3,451
Payables and accrued liabilities	**294**	2,128
Total liabilities	**294**	2,128
Net assets	**748**	1,323
CASH FLOW INFORMATION		
Net cash outflow from ordinary activities	**(191)**	(590)
Net cash inflow from investing activities	–	4,511
Net cash inflow (outflow) from financing activities	**191**	(3,543)
Net cash inflow	–	378
Details of the sale of North American Cotswold swine genetics		
Consideration received for:		
Property, plant and equipment	–	1,853
Other	–	3,337
Total cash consideration	–	5,190
Carrying amount of net assets sold	–	(2,910)
Gross gain on sale	–	2,280

NOTE 36. INVESTMENTS IN CONTROLLED ENTITIES (CONTINUED)

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY OF PARENT ENTITY 2005	2004
Ridley Inc. and its controlled entities	Canada	Ordinary	**69%**	69%
Ridley Manitoba Limited	Canada	Ordinary	**69%**	69%
Feed-Rite, Inc.	USA	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%**	69%
Ridley Block Operations Inc	USA	Ordinary	**69%**	69%
Sweetlix Inc.	USA	Ordinary	**69%**	–
McCauley Bros. Inc.*	USA	Ordinary	**35%**	35%
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	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 (Dry Creek) Pty Ltd	Australia	Ordinary	**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%
Feed-Rite Inc	Canada	Ordinary	**100%**	100%
Ridley M I Pty Limited	Australia	Ordinary	**100%**	100%
Ridley Argentina S.A.	Argentina	Ordinary	**100%**	100%

* Ridley Corporation Limited holds 69% of the voting rights of Ridley Inc, which holds 51% of the voting rights of McCauley Bros Inc.

NAME OF COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2005 $'000	OWNERSHIP INTEREST 2004 $'000	CARRYING AMOUNT 2005 $'000	CARRYING AMOUNT 2004 $'000

NOTE 37. INVESTMENTS IN ASSOCIATES

CONSOLIDATED

NAME OF COMPANY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2005	OWNERSHIP INTEREST 2004	CARRYING AMOUNT 2005 $'000	CARRYING AMOUNT 2004 $'000
Salpak Pty Ltd	Salt Marketing	Australia	**49%**	49%	**13,567**	14,064
Western Salt Refinery Pty Ltd	Salt Production and Distribution	Australia	**50%**	50%	**1,222**	1,283
Dominion Salt Limited and Dominion Salt (N.I.) Limited	Salt Production and Distribution	New Zealand	**50%**	50%	**26,825**	27,048
Cerebos-Skellerup Limited	Salt Marketing	New Zealand	**49%**	49%	**2,210**	2,327
Total					**43,824**	44,722

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:

	2005 $'000	2004 $'000
Carrying amount at the beginning of the financial year	**44,722**	45,625
Share of operating profits after income tax	**5,182**	5,208
Dividends received/receivable	**(6,080)**	(6,111)
Carrying amount at the end of the financial year	**43,824**	44,722
Operating profits before income tax	**8,198**	8,120
Income tax expense	**3,016**	2,912
Operating profits after income tax	**5,182**	5,208
Less: Dividends received/receivable	**6,080**	6,111
	(898)	(903)
Accumulated losses attributable to associates at the beginning of the financial year	**(9,392)**	(8,489)
Accumulated losses attributable to associates at the end of the financial year	**(10,290)**	(9,392)
Consolidated entity's share:		
Assets	**43,808**	42,694
Liabilities	**6,420**	4,541
Contingent liabilities	**43**	42
Operating lease commitments	**55**	54
Capital expenditure commitment	**47**	47

There are no material reserves of the associated companies.

NOTE 38. 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	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Current Assets				
Cash	**392**	133	–	–
Receivables	**1,791**	1,036	–	–
Inventories	**654**	82	–	–
Other	**7**	–	–	–
Total current assets	**2,844**	1,251	–	–
Non-current Assets				
Plant and equipment – at cost	**143**	128	–	–
Less: Accumulated depreciation	**88**	76	–	–
Total non-current assets	**55**	52	–	–
Share of assets employed in joint ventures	**2,899**	1,303	–	–

The consolidated entity's share of operating lease commitments is $70,000 (2004: $39,000).

NOTE 39. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards for application to reporting periods beginning on or after 1 January 2005. The adoption of Australian equivalents to IFRS (AIFRS) will be first reflected in Ridley's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006.

Ridley and other entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. In Ridley's case this will be for the year ended 30 June 2005. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

Ridley has established a project team to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The major focus of the team to date has been to prepare the opening balance sheet as at 1 July 2004 under AIFRS.

AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards requires entities to disclose in their 2005 Financial Report quantified financial information regarding the known impacts had the Financial Report been prepared using AIFRS, only where those impacts can be reliably measured. In some cases the impact is still to be quantified.

The figures disclosed below are management's best estimates of the quantitative impact of the changes estimated as at the date of preparing the 30 June 2005 Financial Report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

a. ongoing work being undertaken by the AIFRS project team;
b. potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and International Financial Reporting Interpretation Committee; and
c. emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group Interpretations.

Major changes identified to date that will be required to Ridley's existing accounting policies include the following:

INTANGIBLE ASSETS – GOODWILL

Under AASB 3 Business Combinations, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash-generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

If the policy required by AASB 3 had been applied during the year ended 30 June 2005, consolidated goodwill at 30 June 2005 would have been $4,147,000 higher and consolidated amortisation expense for the year ended 30 June 2005 would have been $4,147,000 lower. In addition Ridley's share of net profits from associates and investments accounted for using the equity method would be $897,000 higher. There would have been no impact on the parent entity's financial statements.

EQUITY-BASED COMPENSATION BENEFITS

Under AASB 2 Share-based Payments, the group will recognise an expense for shares and options issued to employees (see details in note 28) after 7 November 2002 that had not vested by 1 January 2005.

This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated and parent entity retained profits at 30 June 2005 would have been $1,453,000 lower, with a corresponding increase in the share-based payment reserve. As at the same date loans receivable from employees totalling $1,094,000 would be derecognised. For the year ended 30 June 2005, the consolidated and parent entity employee benefits expense would have been $953,000 higher, with a corresponding increase in the net movement in the share-based payment reserve.

FOREIGN CURRENCY TRANSLATION RESERVE: CUMULATIVE TRANSLATION DIFFERENCES

On the initial application of AIFRS, the Group will elect to apply the exemption in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve will be deemed to be zero at the date of transition to AIFRS being 1 July 2004.

As a result of this exemption, the balance of the foreign currency translation reserve of the Group at 30 June 2005 would have increased by $4,005,000. Retained profits would have decreased by this amount. There is no effect on the parent entity.

DEFINED BENEFIT SUPERANNUATION FUNDS AND PENSION PLANS

The Company sponsors a defined benefit superannuation fund. Under existing Australian GAAP, the Group's policy is to recognise a provision for employee benefits, and is measured as the deficiency between the present value of employees' vested benefits at the reporting date and the net market value of the superannuation fund's assets at that date.

Under AASB 119 Employee Benefits, a liability or asset in respect of defined benefit superannuation is also recognised but there are differences in the way that the liability or asset is to be calculated. AASB 119 permits three options for the treatment of actuarial gains and losses. The Company has elected to recognise actuarial gains and losses immediately through retained profits.

As a result of these differences, consolidated retained profits at 30 June 2005 would have been $87,000 lower with a corresponding provision recorded for employee benefits. For the year ended 30 June 2005, the consolidated employee benefits expense would have been $78,000 higher.

A controlled entity maintains defined benefit pension plans under which pensions are paid to retired employees. The expense for the defined benefit plans is determined by actuarial valuations of pension plan assets and obligations using the projected benefit method. Current service costs are charged to earnings as they accrue, while past service amounts, actuarial gains and losses, and adjustments arising from plan amendments

NOTE 39. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (CONTINUED)

DEFINED BENEFIT SUPERANNUATION FUNDS AND PENSION PLANS (CONTINUED)
or changes in assumptions, are amortised to earnings on a straight line basis over the expected average remaining service lives of plan members.

Under AASB 119 actuarial gains or losses will be recognised immediately in retained earnings. There are also differences in the way that the liability or asset in respect of the funds are calculated.

The impact on the controlled entity of applying the new standard as at 30 June 2005 is yet to be fully determined.

FINANCIAL INSTRUMENTS
The group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 July 2005. This allows the Group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 Financial Report. As the exemption allows the comparative year of 30 June 2005 to be reported under Australian GAAP there is no adjustment to quantify.

REVENUE DISCLOSURES IN RELATION TO THE SALE OF NON-CURRENT ASSETS
Under AASB 118 Revenue, the revenue/expense recognised in relation to the sale of non-current assets is the net gain/loss on the sale. This is in contrast to the current Australian GAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the profit or loss of this difference is nil.

If the policy required under AIFRS had been applied during the year ended 30 June 2005, the consolidated revenue from outside operating activities would have been $2,149,000 lower and the consolidated carrying amount of non-current assets sold disclosed as an expense in the statement of financial performance would have been $2,149,000 lower. There is no effect on the parent entity.

INCOME TAX
Under AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

The adoption of the new standard will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. Items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

In addition UIG 1052 Tax Consolidation Accounting was recently approved by the AASB in June 2005. Under UIG 1052, the parent entity, as the head entity in the tax consolidated group, will be required to recognise the current tax payable of the tax consolidated subsidiaries and deferred tax assets relating to tax losses of these subsidiaries. This differs from the current accounting policy, under which the parent entity recognises current and deferred tax amounts relating to transactions, events and balances of the tax consolidated subsidiaries as if those transactions, events and balances were its own, and measures its own tax amounts by applying the principles in AASB 1020. On 1 July 2004, Ridley Corporation Limited will derecognise the deferred tax balances relating to tax consolidated subsidiaries against retained earnings.

The impact of applying AASB 112 and UIG 1052 on the carrying value of the deferred tax balances for both the Group and parent entity as at 30 June 2005 is yet to be fully determined.

NOTE 40. POST BALANCE DATE EVENTS

No other matters or circumstances have arisen since 30 June 2005 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 43 to 80 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 2005 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 Remuneration Report on pages 29 to 38 which forms part of the Directors' Report complies with Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities and the Corporations 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
22 August 2005

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF RIDLEY CORPORATION LIMITED

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 2005, 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 Remuneration Report contained on pages 29 to 38, which forms part of the Directors' Report, complies with Accounting Standard 1046 Director and Executive Disclosures by Disclosing Entities (AASB 1046) and the Corporations Regulations 2001

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

SCOPE
The Financial Report, remuneration disclosures and directors' responsibility
The Financial Report comprises the statement of financial position, statement of financial performance, statement of cash flows, 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 2005. 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 as required by AASB 1046, within the Remuneration Report on pages 29 to 38, which forms part of the Directors' 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 disclosures contained in the Remuneration 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 1046 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 www.pwc.com/au.

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 and cash flows. We also performed procedures to assess whether the disclosures in the Remuneration Report comply with AASB 1046 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
- 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.

PRICEWATERHOUSECOOPERS

W H B SEATON
Partner

Sydney
22 August 2005

SHAREHOLDER INFORMATION
AS AT 22 AUGUST 2005

	NO. OF HOLDERS	NO. OF SECURITIES	% HELD BY 20 LARGEST HOLDERS
HOLDINGS OF SECURITIES – ORDINARY SHARES			
Each fully paid	9,357	273,670,824	70.03

NUMBER HELD	NO. OF ORDINARY SHAREHOLDERS	NO. OF ORDINARY SHARES
DISTRIBUTION OF HOLDINGS – ORDINARY SHARES		
1 to 1,000*	1,508	647,775
1,001 to 5,000	3,924	11,291,385
5,001 to 10,000	1,975	14,065,129
10,001 to 100,000	1,860	41,857,158
100,001 and over	90	205,809,377

* There are 692 holders of less than a marketable parcel of shares

NAME OF SHAREHOLDER	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
TWENTY LARGEST FULLY PAID SHAREHOLDERS		
National Nominees Limited	37,269,811	13.62
Citicorp Nominees Pty Limited	28,115,631	10.27
RBC Global Services Australia	27,793,132	10.16
Westpac Custodian Nominees Limited	27,602,590	10.09
J P Morgan Nominees Australia	27,586,211	10.08
AMP Life Limited	7,236,086	2.64
Cogent Nominees Pty Limited	7,093,612	2.59
Queensland Investment Corporation	5,617,939	2.05
RBC Global Services Australia (PIIC A/C)	3,699,295	1.35
RBC Global Services Australia (Pipooled A/C)	3,501,713	1.28
Bond Street Custodians Limited	2,690,000	0.98
Triguboff Management Pty Ltd	2,456,356	0.90
ANZ Nominees Limited (Cash Income A/C)	2,287,715	0.84
Sandhurst Trustees Ltd (SISF A/C)	2,282,327	0.83
Cogent Nominees Pty Limited (SMP Accounts)	1,707,636	0.62
Government Superannuation Office (State Super Fund A/C)	1,436,542	0.52
Tower Managed Funds Limited (Tower Pool Aus Shares A/C)	1,353,419	0.49
ANZ Nominees Limited (Income Reinvest Plan A/C)	713,145	0.26
Transport Accident Commission	679,605	0.25
Victorian Workcover Authority	582,587	0.21
	191,705,352	70.03

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	13.68%
Perennial Value Management Ltd/ IOOF	9.29%
Hunter Hall Investment Management Limited	8.98%
Lazard Asset Management	5.85%
AMP Limited	5.03%

SHAREHOLDER INFORMATION
AS AT 22 AUGUST 2005

DIRECTORS' HOLDINGS
On 22 August 2005 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	551,984	–	800	28,000
E B Bryan	26,853	–	–	–
R J Lee	62,607	–	–	–
R J Lotze	100,365	–	–	–
M Bickford-Smith	81,557	2,500,000	–	–
A L Vizard	15,778	–	–	–

VOTING RIGHTS
As at 22 August 2005 the number of holders of fully paid ordinary shares with full voting rights was 9,357. On a show of hands, every person present who is a member of a representative or 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 and shareholder information.

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A D (Sandy) Murdoch

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President and Chief Executive Officer
S J VanRoekel

DESIGNED AND PRODUCED BY BUSINESSWRITERS