11 February 2008

## RIDLEY ANNOUNCES HALF YEAR RESULTS AND FULL YEAR EARNINGS GUIDANCE

Ridley Corporation Limited (Ridley) today announced a net profit for the half year to 31 December 2007 of $8.3 million, compared to $11.9 million last year. Net profit before significant items, including the Canadian legal claim settlement provision, was $14.9 million compared to $15.0 million last year.

Ridley's Australian based businesses, Ridley AgriProducts and Cheetham Salt, recorded increases in operating EBIT of 7% and 1% respectively. Ridley Inc was 15% down on last year mainly due to a poor performance in Canada and the weak US Dollar, which reduced operating earnings by $2.3 million on translation.

### RESULTS SUMMARY

| | 6 months to December 2007 | 6 months to December 2006 | % |
|---|---|---|---|
| | A$ million | A$ million | Change |
| Sales revenue | 759.5 | 716.1 | 6.1 |
| **Operating EBIT** * | **32.2** | **32.1** | **0.5** |
| Interest expense (net) & borrowing costs | 8.0 | 7.4 | -9.2 |
| Significant items before tax | 10.2 | 6.1 | -66.9 |
| **Operating profit after tax & minority interest** * | **14.9** | **15.0** | **-0.9** |
| **Net profit** | **8.3** | **11.9** | **-30.0** |
| **Dividend (cps)** x | **3.50** | **3.50** | **-** |

* Before significant items
x 50% franked

### DIVIDEND

Directors have declared an unchanged interim dividend of 3.50 cents per share that is 50% franked. The dividend is payable on 31 March 2008 to shareholders on the register at 5:00pm on 29 February 2008.

## REVIEW OF OPERATIONS

## AUSTRALIA

### Ridley AgriProducts

EBIT at $9.9 million was up 7% compared to $9.3 million last year. While feed volumes were down 11%, particularly in the dairy, beef and sheep sectors, increased margins offset the volume decline and despite the pig sector being under pressure, sales to that sector held up well. Drought conditions and high international prices continued to contribute to high raw material costs and scarcity of some inputs. This and favourable pastoral growth conditions depressed sales of dairy, beef and sheep feeds. In addition, unseasonably wet conditions in the north of the country impeded the sales of beef supplement blocks, which held back the overall level of earnings. The Aquafeed business continued to perform well and was well above last year.

### Cheetham Salt

Earnings were up 1% to $13.0 million from $12.9 million last year. Sales to the soda ash industry were down due to planned maintenance shutdowns at customer facilities, but margin improvement, increased sales for water treatment and swimming pools, and tight cost control offset this. Some one-off costs associated with structuring the business in line with its strategic plan also impacted earnings. The Indonesian operation continued to improve margins, while profits from Cheetham's joint venture operations (principally the Salpak salt marketing business in Australia and Dominion Salt in New Zealand) were up 13% on last year at $3.6 million.

## RIDLEY INC

### US Feed Operations

Earnings of US$9.4 million were 50% up on the US$6.3 million earned last year. Despite a decline in feed volumes, margins have continued to increase due to good positions in rising ingredient markets (mainly vitamins and trace minerals), and change in product mix from high volume, low margin complete feeds towards higher margin products like supplements and premixes, together with well controlled operating costs. In Australian dollars EBIT was $10.7 million, up 29%. The translation to Australian dollars decreased earnings by $1.7 million compared to last year due to the weaker US dollar.

### Canadian Feed Operations

This year's earnings have decreased substantially to C$0.1 million compared to C$1.9 million last year. The strength of the Canadian dollar and high feed costs continue to have a significant negative impact on Canadian beef and pork producers. Last year's figures include earnings from a specialised premix business unit that was largely lost to a competitor in the second half of last year. In Australian dollars EBIT was $0.1 million, compared to $2.2 million last year.

A restructuring program was implemented in November 2007, which is expected to save the business C$3.9 million on an annualised basis. Evidence of improved earnings, reflecting the lower cost base, was seen late in the half year.

### Ridley Nutrition Solutions

Protracted drought and poor pasture conditions in the south-eastern U.S. continued to depress block supplement volumes. This was the main reason for the earnings decline from US$5.1 million to US$3.8 million this year. In Australian dollars EBIT was $4.3 million compared to $6.8 million last year. Low moisture block sales volumes responded positively to cold winter conditions late in the half.

## SIGNIFICANT ITEMS

### Canadian legal claim settlement

Ridley Inc has reached a settlement agreement with the plaintiffs in the BSE class action lawsuits filed against Ridley Inc and the Government of Canada in four provinces of Canada, subject to court approval. Under the settlement agreement, Ridley Inc will pay C$6 million into a plaintiffs' settlement trust fund and will cap its exposure to the claims made by the plaintiffs to this amount. Ridley Inc recorded the cost in the first half. In Australian dollars this impacted earnings by $6.9 million or $4.7 million after minority interest

### Impairment of assets and restructure costs

The restructuring of operations and the closure of a plant in Canada resulted in asset impairment charges and restructure costs of $2.2 million (or $1.0 million after tax and minority interest). The restructuring in Canada has been largely completed, and as mentioned above, the benefits are starting to flow through to earnings. In last year's earnings there were asset impairment charges and closure costs of $6.1 million ($3.1 million net of tax and minority interest) as a result of the closure of one plant in Canada and one in Australia.

### Chief Executive Officer severance costs

In December the Board of Ridley Corporation announced that Matthew Bickford-Smith, Managing Director and CEO, had ceased employment with Ridley. Associated severance expenses totalled $1.2 million ($0.9 million net of tax).

## CORPORATE DEVELOPMENTS

A range of initiatives, referred to within the company as "Project Vitalise", have been commenced and are to be completed by 30 June 2008.

Starting with the Board, new blood is being introduced. John Spark was appointed as a director on 21 January and Patria Mann has agreed to become a director, commencing in early March. Robert Lotze, Chairman of the Audit Committee will retire in June 2008 after 10 years as a director of Ridley.

The search for a new Chief Executive Officer is underway. Professional search firm Spencer Stuart is conducting the assignment, which will include both internal and external candidates. An announcement on the new CEO is expected to be made in the 4th quarter of this financial year.

A decision on resolution of our North American structural issues is intended to be made by 30 June. A range of options are under consideration.

Senior management is conducting a strategic review of the Australian businesses, Ridley AgriProducts and Cheetham Salt. The principal intent of the review is to identify growth opportunities, to accelerate our business plans for rebalancing assets for growth and addressing the need for additional capacity in our Aquafeed business.

We have targeted a reduction of $3.0 million annually in our corporate overheads and have plans to achieve most of this within the next few months.

Finally, and most importantly, the Board and senior management are working together to instil a renewed sense of urgency across all activities of Ridley.

## OUTLOOK

Ridley expects its net operating earnings for the full year to be in the range $24.0 to $27.0 million, compared to last year's $25.6 million. Net profit for the year (after significant items) is expected to be in the range $18.0 to $21.0 million, compared to last year's $22.7 million.

In both Australia and North America, high feed costs will continue to impact on producer economics. In Australia, poultry volumes are expected to be relatively stable, but other major markets are expected to show lower volumes than last year. In North America, producer economics are generally deteriorating. The benefits of the Canadian operations restructure will improve earnings however, as will the continuing cold winter conditions for block sales. In Cheetham Salt, sales and marketing initiatives are improving results, while field and refinery upgrades are progressing as planned.

For further information please contact:

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Acting Chief Executive Officer & Chief Financial Officer
Ridley Corporation Limited
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Sydney NSW 2001
Telephone: 02 8227 6100

# Appendix 4D

## Half yearly report

## Ridley Corporation Limited

Half year ended ('current period')

**ABN 33 006 708 765** **31 December 2007**

### Results for Announcement to the Market

| | | | | $A'000 |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 6% | to | 760,623 |
| Profit from ordinary activities after tax attributable to members | down | 30% | to | 8,339 |
| Net profit for the period attributable to members | down | 30% | to | 8,339 |

| **Dividends** | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend (prior year)<br>Paid 9 October 2007 | 3.50¢ | 1.75¢ |
| Interim dividend<br>Payable 31 March 2008 | 3.50¢ | 1.75¢ |

Record date for determining entitlements to the dividend, and last date for receipt of election notices for Dividend Reinvestment Plan. — 29 February 2008

### Brief Explanation

See attached Press Release

# RIDLEY CORPORATION LIMITED

## Directors' Report for the Half Year Ended 31 December 2007

The Directors present their report on the consolidated entity consisting of Ridley Corporation Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2007.

### Directors

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

J S Keniry

R J Lee

R J Lotze

A L Vizard

J M Spark
(appointed a Director on 21 January 2008)

M P Bickford-Smith
(resigned as a Director on 20 December 2007)

E B Bryan
(resigned as a Director on 31 October 2007)

### Review of Operations

The review of operations is included in the attached press release.

### Results

The consolidated profit after tax and minority interest for the half year ended 31 December 2007 was $8,339,000. Further details are included in the attached Appendix 4D.

### 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 Investment Commission relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is on Page 3.

Signed at Sydney on 11 February 2008 in accordance with a resolution of the Directors.

JS Keniry
DIRECTOR

RJ Lotze
DIRECTOR

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## Auditor's Independence Declaration

As lead auditor for the review of Ridley Corporation Limited for the half year ended 31 December 2007, 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 review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ridley Corporation Limited and the entities it controlled during the period.

**SJ Bourke**
Partner
PricewaterhouseCoopers

**Sydney**
11 February 2008

# INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

| | Note | CONSOLIDATED DEC 2007 $'000 | CONSOLIDATED DEC 2006 $'000 |
|---|---|---|---|
| Sales revenue from continuing operations | | 759,462 | 716,070 |
| Cost of sales | | 671,126 | 621,109 |
| **Gross Profit** | | **88,336** | **94,961** |
| Other revenues from continuing operations | 2 | 1,161 | 1,368 |
| Other income | 3 | 673 | 219 |
| Other expenses from continuing operations | | | |
| Selling and distribution | | (27,045) | (29,377) |
| General and administrative | 5 | (32,115) | (33,373) |
| Finance costs | | (8,637) | (8,028) |
| Canadian law suit settlement | 5,11 | (6,859) | - |
| Impairment of assets and restructure costs | 5 | (2,150) | (6,128) |
| Other | | (2,951) | (3,200) |
| Share of net profits of associates | 9 | 3,572 | 3,174 |
| **Profit from continuing operations before income tax expense** | | **13,985** | **19,616** |
| Income tax expense | | 5,856 | 6,361 |
| **Profit from continuing operations after income tax expense** | | **8,129** | **13,255** |
| Profit from discontinued operations after tax | | - | 506 |
| **Profit for half year** | | **8,129** | **13,761** |
| Net profit/(loss)attributable to minority interest | | (210) | 1,846 |
| **Net profit after income tax attributable to members of Ridley Corporation Limited** | | **8,339** | **11,915** |
| | | Cents | Cents |
| Basic earnings per share from continuing operations | 10 | 2.84 | 4.02 |
| Basic earnings per share | 10 | 2.84 | 4.19 |
| Diluted earnings per share from continuing operations | 10 | 2.84 | 4.02 |
| Diluted earnings per share | 10 | 2.84 | 4.19 |

# BALANCE SHEET AS AT 31 DECEMBER 2007

| | CONSOLIDATED | |
|---|---|---|
| | DEC 2007 $'000 | JUN 2007 $'000 |
| **Current Assets** | | |
| Cash and cash equivalents | 9,381 | 14,967 |
| Receivables | 162,406 | 138,169 |
| Inventories | 158,880 | 140,357 |
| Other current assets | - | 279 |
| Derivative financial instruments | 788 | 590 |
| **Total Current Assets** | **331,455** | **294,362** |
| **Non-Current Assets** | | |
| Receivables | 1,154 | 2,266 |
| Investments accounted for using the equity method | 44,078 | 44,073 |
| Property, plant and equipment | 385,769 | 385,243 |
| Deferred tax assets | 1,603 | 419 |
| Intangible assets | 60,711 | 62,028 |
| Retirement benefit assets | 38 | 72 |
| Other non-current assets | 34 | 61 |
| **Total Non-Current Assets** | **493,387** | **494,162** |
| **Total Assets** | **824,842** | **788,524** |
| **Current Liabilities** | | |
| Payables | 180,325 | 152,859 |
| Borrowings | 10,276 | 13,008 |
| Current tax liabilities | 3,272 | 446 |
| Provisions | 20,145 | 13,379 |
| Derivative financial instruments | 68 | - |
| **Total Current Liabilities** | **214,086** | **179,692** |
| **Non-Current Liabilities** | | |
| Borrowings | 176,355 | 173,806 |
| Deferred tax liabilities | 34,311 | 34,575 |
| Provisions | 2,465 | 2,188 |
| Retirement benefit obligations | 9,686 | 10,033 |
| **Total Non-Current Liabilities** | **222,817** | **220,602** |
| **Total Liabilities** | **436,903** | **400,294** |
| **Net Assets** | **387,939** | **388,230** |

# BALANCE SHEET AS AT 31 DECEMBER 2007 (Cont'd)

| | CONSOLIDATED | |
|---|---|---|
| | DEC 2007 $'000 | JUN 2007 $'000 |
| **Equity** | | |
| Contributed equity | 226,057 | 221,236 |
| Reserves | 67,672 | 69,954 |
| Retained profits | 42,975 | 44,607 |
| **Parent Entity Interest** | **336,704** | **335,797** |
| Minority interest | 51,235 | 52,433 |
| **Total Equity** | **387,939** | **388,230** |
| **Net Tangible Assets per share** | $0.98 | $0.98 |

The above Balance Sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE HALF YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED | |
|---|---|---|
| | DEC 2007 $'000 | DEC 2006 $'000 |
| **Income and expenses recognised directly in equity** | | |
| Changes in fair value of cashflow hedges, net of tax | 229 | 175 |
| Loss on impairment of land and buildings, net of tax | - | (1,136) |
| Exchange differences on translation of foreign operations | (3,385) | (13,761) |
| **Net expense recognised directly in equity** | **(3,156)** | **(14,722)** |
| Profit for the half year | 8,129 | 13,761 |
| **Total recognised income and expense for the half year** | **4,973** | **(961)** |
| Total recognised income and expense for the half year is attributable to: | | |
| Ridley Corporation Limited | 6,171 | 1,665 |
| Minority interest | (1,198) | (2,626) |
| | **4,973** | **(961)** |

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

## STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED DEC 2007 $'000 Inflows (Outflows) | DEC 2006 $'000 Inflows (Outflows) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers | 781,560 | 719,463 |
| Payments to suppliers and employees | (758,118) | (700,784) |
| Dividends received | 2,522 | 1,971 |
| Interest received | 713 | 846 |
| Interest and other costs of finance paid | (8,197) | (9,830) |
| Income taxes paid | (5,065) | (6,639) |
| **Net cash inflow from operating activities** | **13,415** | **5,027** |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | (16,204) | (16,437) |
| Proceeds from sale of non-current assets | 3,354 | 581 |
| Repayment of customer loans | 386 | 932 |
| Issue of customer loans | (112) | (1,323) |
| **Net cash outflow from investing activities** | **(12,576)** | **(16,247)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity instruments | 46 | 971 |
| Proceeds from borrowings | 130,989 | 114,967 |
| Repayment of borrowings | (126,022) | (101,416) |
| Dividends paid | (5,358) | (4,574) |
| **Net cash inflow/(outflow) from financing activities** | **(345)** | **9,948** |
| **Net increase/(decrease) in cash held** | **494** | **(1,272)** |
| **Cash at the beginning of the financial year** | 2,017 | **1,522** |
| **Effects of exchange rate variations on cash** | (148) | **(259)** |
| **Cash at the end of the half year** | **2,363** | **(9)** |

Cash includes cash, cash equivalents and bank overdrafts.

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

## Note 1 – Summary of Significant Accounting Policies

### Basis of Preparation of Half Year Financial Report

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of the year ended 30 June 2007 and any public announcements made by Ridley Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period.

### New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2007 reporting periods. The Group has not made an assessment of the impact of these new standards and interpretations. The new accounting standards and interpretations are as follows:

AASB 7 Financial Instruments: Disclosures
AASB 8 Operating Segments

| | CONSOLIDATED DEC 2007 $'000 | CONSOLIDATED DEC 2006 $'000 |
|---|---|---|
| **Note 2 – Revenue** | | |
| Revenue from continuing operations: | | |
| Sale of goods | 759,462 | 716,070 |
| Other revenue from continuing operations: | | |
| Interest income | 604 | 675 |
| Other | 557 | 693 |
| | **1,161** | **1,368** |
| **Note 3 – Other Income** | | |
| Profit on sale of property, plant and equipment | 332 | 164 |
| Foreign exchange gains - net | 341 | 55 |
| | **673** | **219** |

## Note 4 – Expenses

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

| | CONSOLIDATED DEC 2007 $'000 | CONSOLIDATED DEC 2006 $'000 |
|---|---|---|
| Depreciation and amortisation: | | |
| Land and buildings | 1,729 | 1,826 |
| Plant and equipment | 8,669 | 9,076 |
| Lease assets | 17 | 45 |
| Software | 310 | 420 |
| Trademarks, patents and other rights | 48 | 56 |
| | **10,773** | **11,423** |
| Finance costs: | | |
| Amortisation of borrowing costs | 313 | 369 |
| Interest expense | 8,324 | 7,659 |
| | **8,637** | **8,028** |
| Canadian law suit costs | **767** | **1,189** |

## Note 5 – Significant items

| | DEC 2007 $'000 | DEC 2006 $'000 |
|---|---|---|
| Canadian law suit settlement (refer note 11) | 6,859 | - |
| Impairment of assets and restructure costs | 2,150 | 6,128 |
| Severance costs - Chief Executive Officer (in General and Administrative) | 1,221 | - |
| | **10,230** | **6,128** |

## Note 6 – Business Segment Data

## Business Segment Data – 31 December 2007

| | SALT | STOCKFEED AND FEED SUPPLEMENTS | | | | UNALLOCATED | ELIMINATIONS | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | | Australia Feeds | Canada Feeds | US Feeds | US Nutrition Solutions | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Sales - External | 48,256 | 360,480 | 86,526 | 224,586 | 39,614 | - | - | 759,462 |
| Sales - Intersegment | 1,109 | - | 83 | 4,832 | 18,292 | - | (24,316) | - |
| **Total sales revenue** | **49,365** | **360,480** | **86,609** | **229,418** | **57,906** | **-** | **(24,316)** | **759,462** |
| Share of profit of associates | 3,572 | - | - | - | - | - | - | 3,572 |
| Other revenue | 299 | 290 | 372 | 254 | 6 | 9 | - | 1,230 |
| **Total revenue** | **53,236** | **360,770** | **86,981** | **229,672** | **57,912** | **9** | **(24,316)** | **764,264** |
| Result from operations | 13,021 | 9,926 | 151 | 10,710 | 4,327 | (7,108) | - | 31,027 |
| Canadian law suit settlement | - | - | - | - | - | (6,859) | - | (6,859) |
| Impairment of assets and restructure costs | - | - | (2,150) | - | - | - | - | (2,150) |
| **Result from operations** | **13,021** | **9,926** | **(1,999)** | **10,710** | **4,327** | **(13,967)** | **-** | **22,018** |
| Net finance costs | | | | | | | | **(8,033)** |
| **Profit from continuing operations before income tax** | | | | | | | | 13,985 |
| Income tax expense | | | | | | | | (5,856) |
| **Net profit** | | | | | | | | **8,129** |
| Segment assets | 265,712 | 263,736 | 83,833 | 133,635 | 66,340 | 11,586 | - | 824,842 |
| Segment liabilities | 12,789 | 114,904 | 19,972 | 47,577 | 6,227 | 235,434 | - | 436,903 |
| Depreciation and amortisation expense | 2,083 | 3,764 | 1,327 | 2,484 | 1,111 | 317 | - | 11,086 |

## Note 6 – Business Segment Data
## Business Segment Data – 31 December 2006

| | SALT | STOCKFEED AND FEED SUPPLEMENTS | | | | UNALLOCATED | ELIMINATIONS | CONTINUING OPERATIONS | DISCONTINUED OPERATIONS | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Australia Feeds | Canada Feeds | US Feeds | US Nutrition Solutions | | | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Sales - External | 48,374 | 311,874 | 86,467 | 224,194 | 45,161 | - | - | 716,070 | - | 716,070 |
| Sales - Intersegment | 1,299 | '- | 80 | 4,831 | 20,164 | - | (26,374) | - | - | - |
| **Total sales revenue** | **49,673** | **311,874** | **86,547** | **229,025** | **65,325** | **-** | **(26,374)** | **716,070** | **-** | **716,070** |
| Share of profit of associates | 3,174 | - | - | - | | - | - | 3,174 | - | 3,174 |
| Other revenue | 92 | 354 | 120 | 320 | 26 | - | - | 912 | - | 912 |
| **Total revenue** | **52,939** | **312,228** | **86,667** | **229,345** | **65,351** | **-** | **(26,374)** | **720,156** | **-** | **720,156** |
| Result from operations | 12,860 | 9,272 | 2,232 | 8,286 | 6,797 | (6,350) | - | 33,097 | (1,002) | 32,095 |
| Impairment of assets and restructure costs | - | (1,500) | (4,628) | - | - | - | - | (6,128) | - | (6,128) |
| **Result from operations** | **12,860** | **7,772** | **(2,396)** | **8,286** | **6,797** | **(6,350)** | **-** | **26,969** | **(1,002)** | **25,967** |
| Net finance costs | | | | | | | | (7,353) | - | (7,353) |
| **Profit from continuing operations before income tax** | | | | | | | | **19,616** | **(1,002)** | **18,614** |
| Income tax expense | | | | | | | | (6,361) | 1,508 | (4,853) |
| **Net profit** | | | | | | | | **13,255** | **506** | **13,761** |
| Segment assets | 263,339 | 257,456 | 82,333 | 139,070 | 71,764 | 5,709 | - | 819,671 | 454 | 820,125 |
| Segment liabilities | 12,904 | 106,228 | 18,492 | 57,252 | 6,911 | 227,870 | - | 429,657 | 827 | 430,484 |
| Depreciation and amortisation expense | 1,777 | 3,574 | 1,632 | 3,104 | 1,325 | 380 | - | 11,792 | - | 11,792 |

## Note 6 – Business Segment Data

### Business Segments

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

| | |
|---|---|
| **Stockfeed and Feed Supplements** | Produces and markets stock and poultry feeds, aquafeeds, vitamins, mineral supplements and rural merchandise. |
| **Salt** | Produces, refines and markets salt and has investments in associated companies. |

The basis of intersegmental transfers is market pricing.

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

## Note 7 – Dividends

### Dividends

| | | |
|---|---|---|
| **Ordinary**<br>Final dividend paid on 9 October 2007 (10 October 2006) 3.50 cents, 1.75 cents franked (Dec 2006: 3.50 cents 1.75 franked) per share | 10,218 | 9,862 |
| **Dividends not recognised at half year end**<br>In addition to the above dividends, since half year end the directors have approved payment of an interim dividend of 3.50 cents, 50% franked (Dec 2006: 3.50 cents 50% franked) per fully paid share payable on 31 March 2008 (Dec 2006: 30 March 2007). The aggregate amount of the proposed dividend expected to be paid out of retained profits at 31 December, but not recognised as a liability at half year end: | 10,368 | 10,049 |

## Note 8 – Equity securities issued

| | Half Year | | Half Year | |
|---|---|---|---|---|
| | 2007 Shares | 2006 Shares | 2007 $'000 | 2006 $'000 |
| Issue of ordinary shares during the half year | | | | |
| Dividend Reinvestment Plan | 4,283,533 | 4,597,512 | 4,776 | 5,214 |
| Employee Incentive Option Scheme | - | 750,000 | - | 703 |
| | 4,283,533 | 5,347,512 | 4,776 | 5,917 |

## Note 9 – Investments in Associates

| Name of Company | Principal Activity | Country of Incorporation | Ownership Interest 2007 | Ownership Interest 2006 | Contribution to Net Profit 2007 $'000 | Contribution to Net Profit 2006 $'000 |
|---|---|---|---|---|---|---|
| Salpak Pty Ltd | Salt Marketing | Australia | 49% | 49% | 1,222 | 1,143 |
| Western Salt Refinery Pty Ltd | Salt Production & Distribution | Australia | 50% | 50% | 198 | 148 |
| Dominion Salt Limited and Dominion Salt (N.I.) Limited | Salt Production & Distribution | New Zealand | 50% | 50% | 1,974 | 1,722 |
| Cerebos-Skellerup Limited | Salt Marketing | New Zealand | 49% | 49% | 178 | 161 |
| **TOTAL** | | | | | **3,572** | **3,174** |

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.

| | CONSOLIDATED | |
|---|---|---|
| | 2007 | 2006 |
| | Cents | Cents |
| **Note 10 – Earnings per share** | | |
| Basic earnings per share from continuing operations | 2.84 | 4.02 |
| Basic earnings per share | 2.84 | 4.19 |
| Diluted earnings per share from continuing operations | 2.84 | 4.02 |
| Diluted earnings per share | 2.84 | 4.19 |
| Weighted average number of ordinary shares outstanding during the half year used in the calculation of basic earnings per share. | 293,864,512 | 284,140,153 |
| Weighted average number of ordinary shares outstanding during the half year used in the calculation of diluted earnings per share. | 293,864,512 | 284,140,153 |

| | 2007 Earnings per share | | 2006 Earnings per share | |
|---|---|---|---|---|
| | Basic $'000 | Diluted $'000 | Basic $'000 | Diluted $'000 |
| **Profit from continuing operations after income tax** | 8,129 | 8,129 | 13,255 | 13,255 |
| Profit from discontinued operations | - | - | 506 | 506 |
| Net profit/(loss) attributable to minority interests | (210) | (210) | 1,846 | 1,846 |
| Profit attributable to members and earnings used in calculating earning per share | 8,339 | 8,339 | 11,915 | 11,915 |

| **Weighted average number of shares used as the denominator** | Basic | Diluted | Basic | Diluted |
|---|---|---|---|---|
| Weighted average number of shares on issue | 293,864,512 | 293,864,512 | 284,140,153 | 284,140,153 |
| Plus dilutive options below share price | - | - | - | - |
| Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share | 293,864,512 | 293,864,512 | 284,140,153 | 284,140,153 |

2,347,307 shares issued under the Ridley Employee Share Scheme have been accounted for as in-substance options.

## Note 10 – Earnings per share (continued)

### Options and Performance Rights

Options and Performance Rights granted to employees under the Ridley Corporation Incentive Option Plan and Ridley Corporation Long term Incentive Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

## Note 11– Contingent liabilities

On 5 February 2008, Ridley Inc (a 69% owned subsidiary of Ridley Corporation Limited) reached a settlement agreement with the plaintiffs in the BSE class action lawsuits filed against it and the Government of Canada, subject to the approval by the Canadian courts.

Under the settlement agreement Ridley Inc will pay C$6,000,000 into a plaintiffs' settlement trust fund, and will effectively cap its exposure to the claims made by the plaintiffs to that C$6,000,000. After approval by the Courts and provided the number of class member opt outs is below an agreed threshold, the settlement agreement will be finalised, and Ridley Inc will pay the settlement amount.

Ridley Inc will remain a participant in the ongoing litigation as plaintiffs continue their claim against the Government of Canada; and Ridley Inc will continue to incur legal expenses as a result of the settlement approval process, which will be funded from operating cashflow.

Counsel for the plaintiffs will apply to the Canadian Courts for approval of the settlement agreement, and Ridley Inc will consent to the certification of the class actions.

The actions were commenced in April 2005, and seek to certify class actions to include all Canadian cattle farmers who allegedly suffered damage as a result of the imposition of international bans on the import of Canadian beef and cattle following the May 2003 diagnosis of Bovine Spongiform Encephalopathy (BSE) in a cow in Alberta, Canada. Claims against Ridley Corporation Limited were struck out or discontinued in 2006.

As a result of the settlement, an amount of $6,859,000 (C$6,000,000) has been recognised as a current provision in the financial report.

## Directors' Declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 4 to 16 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 consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date; and

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

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

J S Keniry
DIRECTOR

R J Lotze
DIRECTOR

Sydney
11 February 2008

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# Independent Auditor's Review Report
## to the members of Ridley Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ridley Corporation Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Ridley Corporation Limited Group (the consolidated entity). The consolidated entity comprises both Ridley Corporation Limited (the company) and the entities it controlled during that half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ridley Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

For further explanation of a review, visit our website http:/www.pwc.com/au/financialstatementaudit.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.
Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of Ridley Corporation (the Company) for the half-year ended 31 December 2007 included on Ridley Corporation Limited web site. The company's directors are responsible for the integrity of the Ridley Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*Independence*

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

*Conclusion*

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

SJ Bourke
Partner

Sydney
11 February 2008