

APPENDIX 4D

Ruralco Holdings Limited and Controlled Entities

ABN 40 009 660 879

HALF YEAR REPORT PERIOD ENDED 31 MARCH 2006

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Period Ended 31 March 2006 \$'000	Period Ended 31 March 2005 \$'000	% Change
Revenue from ordinary activities	272,319	276,072	-1.4%
Profit from ordinary activities after tax Attributable to members	1,853	1,603	15.6%
Net profit attributable to members	1,853	1,603	15.6%
Net Tangible Assets per security	2.23	2.14	4.2%
Earnings per share	15.6	14.5	7.6%
Dividend (Interim)/(fully franked) (Payable 28 June 2006)	5.5	5.0	10.0%
Record Date	28 April 2006		
DRP Notification Deadline	DRP suspended for Interim dividend		

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 MARCH 2006**

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

Directors' Report

Your directors submit the financial report of the economic entity for the half-year ended 31 March 2006.

Directors

The names of directors who held office during or since the end of the half-year:

Richard A England	Michael J Milner
Robert J Oliver	Leonard R Petch
John W Hughes	Robert J Webster
Brian P Castine	

Review of Operations

Trading Performance

Despite tight market conditions, the directors are pleased to report an increase of 15.6% in net profit from \$1.60 million in the first half of 2005 to \$1.85 million in the first half of 2006 financial year after one-off restructure costs of \$126,000 (2005 – \$Nil).

Group revenues declined by 1.4% to \$272 million due mainly to the disposal of corporate stores in the second half of 2005. Trading revenue increased by 6.6% to \$22.8 million on a comparable basis after adjusting for the impact of sales of corporate stores. Continued strict control over operating expenses and working capital management helped the group achieve a solid profit increase.

Total debt reduced by \$6.7 million from September 2005. \$4 million of the reduction came from underwriting the dividend reinvestment plan for the special and final dividends and the balance from working capital management. The debt/equity ratio and interest cover has improved markedly from September year end.

The overall improvement in profitability resulted in EPS increasing by 7.6% from 14.5 cents per share in the first half of 2005 to 15.6 cents per share in the first half of 2006.

Divisional Comments:

Rural Merchandise

Although some parts of the eastern Australia experienced dry conditions, the Merchandise division increased its sales by 1.6% and forward sales of \$113 million were recorded at the national conference in February 2006. This activity level augurs well for the balance of the year.

**RURALCO HOLDINGS LIMITED
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Directors' Report

Fertiliser

The Fertiliser Division faced intense competition which affected both sales and margin. Manufactured products volume and distribution product sales increased by 7% respectively but the revenue margin achieved declined owing to market pressure from drought conditions.

Rodwells/Wool & Livestock

Rodwells continued to grow its business and profitability. Although the average sale price for wool and livestock declined on a comparable basis, wool bales sold increased by 10%, sheep sales by 44% and cattle sales by 11% contributing towards a 6% increase in revenue.

Real Estate

Real Estate revenues also increased by 8% reflecting continued growth in this market segment. The number of members in the group also increased by 30% from those for the same period last year. There are now 51 agencies in the group reflecting strong acceptance of the CRT Real Estate brand name.

Corporate/Investment Stores

Whilst the sale of corporate stores reduced sales by 6.3% and revenue by 9.5%, savings in operating expenses and funding costs offset the revenue reduction. The stores were sold to CRT members thereby protecting the revenue earned by the Merchandise Division. Investment stores continued to perform well with trading revenue increasing by 36%.

Dividend

An interim dividend fully franked of 5.5 cents per share has been declared representing an increase of 10% over the previous corresponding period. This dividend will be paid on 28 June 2006 and the dividend reinvestment plan is suspended for this dividend.

Merger with Roberts

The board is pleased that the level of acceptances from Roberts Shareholders has been very strong; by 29 May 2006 the company owned 91.26% of Roberts and the board has advised that shortly after the offer expires on 9 June 2006 it will compulsorily acquire the remaining shares. It has been agreed that the head office will relocate to Hobart. The Managing Director, John Hughes who has been with the company for almost 10 years has decided not to relocate and resigned from the board on 31 May 2006. The board thank him for his outstanding leadership throughout the merger negotiations and wish him well in his future career.

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

Directors' Report

Prospects

At this time it is not possible to give any firm indications concerning either the trading conditions that will prevail in the second half or the likely contribution that the acquisition of Roberts will provide to the second half results. However, there will be a significant change in the overall financial position and performance year-on-year of the merged group, purely because of the sheer size of the trading revenue, profit and net assets of Roberts being consolidated into the Ruralco group.

The weather conditions play a significant role in the trading results of the group. The current dry spell in the eastern states particularly NSW, northern Victoria and southern Queensland suggests a late start to the winter crop season. Whilst the average sale price of wool and livestock started declining in the March quarter it is expected that sales volumes will pick up to partly offset this price decline as occurred in the first half of the year. We expect the real estate market to remain steady and not be materially affected by the recent interest rate rise.

Adoption of Australian equivalents to International Financial Reporting Standards (AIFRS)

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous Australian Generally Accepted Accounting Principles (AGAAP) and AIFRS has been included in Note 2 of this report.

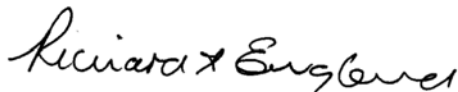
Rounding of Amounts

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 March 2006.

This report is signed in accordance with a resolution of the Board of Directors.



**Richard England
Chairman**

Dated this 1st day of June 2006

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

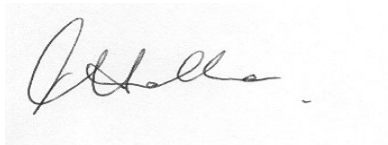
**Auditors' Independence Declaration Under Section 307C of the Corporations Act
2001 to the Directors of Ruralco Holdings Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 March 2006 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.



WHK GREENWOODS



BRUCE HATCHMAN
Principal

Dated this 1st day of June 2006

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Consolidated Income Statement
For the Half Year Ended 31 March 2006**

	Consolidated 31 Mar 2006 \$000	31 Mar 2005 \$000
Revenue from operating activities	272,319	276,072
Changes in inventories of finished goods and work in progress	(2,564)	(4,337)
Raw materials and consumables used	(245,262)	(246,662)
Employee related expenses	(11,619)	(10,421)
Depreciation and amortisation expense	(482)	(881)
Finance costs	(980)	(1,490)
Other expenses	(8,579)	(9,884)
Share of net profits of associates	23	5
Profit before income tax	2,856	2,402
Income tax (expense)	(890)	(755)
Profit from continuing operations	1,966	1,647
Profit for the period	1,966	1,647
Profit attributable to minority equity interest	(113)	(44)
Profit attributable to members of the parent entity	1,853	1,603
Overall Operations:		
Basic earnings per share (cents per share)	15.6	14.5
Diluted earnings per share (cents per share)	15.6	14.5

The accompanying notes form part of these financial statements.

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Consolidated Balance Sheet
As At 31 March 2006**

	Consolidated 31 Mar 2006 \$000	30 Sept 2005 \$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	11,549	18,186
Trade and other receivables	119,015	121,599
Inventories	23,270	23,698
Other current assets	695	1,096
TOTAL CURRENT ASSETS	154,529	164,579
NON-CURRENT ASSETS		
Receivables	2,332	2,355
Investments accounted for using the equity method	890	871
Other financial assets	16	16
Property, plant and equipment	4,760	5,509
Deferred tax assets	2,171	2,192
Intangible assets	10,142	9,977
TOTAL NON-CURRENT ASSETS	20,311	20,920
TOTAL ASSETS	174,840	185,499
CURRENT LIABILITIES		
Trade and other payables	109,679	116,179
Short-term borrowings	15,579	21,957
Current tax liabilities	371	458
Other current provisions	4,324	3,243
TOTAL CURRENT LIABILITIES	129,953	141,837
NON-CURRENT LIABILITIES		
Long-term borrowings	7,500	7,885
Long-term provisions	361	717
TOTAL NON-CURRENT LIABILITIES	7,861	8,602
TOTAL LIABILITIES	137,814	150,439
NET ASSETS	37,026	35,060
EQUITY		
Issued capital	29,850	25,822
Retained earnings	5,719	7,894
Parent entity interest	35,569	33,716
Minority equity interest	1,457	1,344
TOTAL EQUITY	37,026	35,060

The accompanying notes form part of these financial statements.

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Consolidated Cash Flow Statement
For the Half Year Ended 31 March 2006**

	Consolidated 31 Mar 2006 \$000	31 Mar 2005 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	274,903	253,433
Payments to suppliers and employees	(273,940)	(255,764)
Interest received	1,676	1,400
Finance costs	(980)	(955)
Income tax paid	(2,630)	(2,595)
	<hr/>	<hr/>
Net cash (used in) operating activities	(971)	(4,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets	(12)	22
Purchase of non-current assets	(164)	(404)
Proceeds from sale of investments	1,841	263
Loans to related parties	(920)	(28)
Payment for investments and patents	(180)	(523)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	565	(670)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	4,028	450
Repayment of borrowings	(6,231)	(6,441)
Dividends paid	(4,028)	(1,218)
	<hr/>	<hr/>
Net cash used in financing activities	(6,231)	(7,209)
Net increase in cash held	(6,637)	(12,360)
Cash at 1 October 2005	<hr/>	<hr/>
	18,186	19,406
Cash at 31 March 2006	<hr/>	<hr/>
	11,549	7,046

The accompanying notes form part of these financial statements.

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Consolidated Statement of Changes in Equity
For the Half Year Ended 31 March 2006**

	\$000	\$000	\$000	\$000
	Share Capital	Retained Profits	Minority Interests	Total
Balance at 1 Oct 2004	25,100	6,624	1,009	32,733
Profit attributable to members of parent entity	-	1,603	-	1,603
Reclassification relating to sale of minority interest and reserves	-	(172)	186	14
Shares issued during the year	722	-	-	722
Profit attributable to minority shareholders	-	-	44	44
Sub-total	25,822	8,055	1,239	35,116
Dividends paid or provided for	-	(1,218)	-	(1,218)
Balance at 31 Mar 2005	25,822	6,837	1,239	33,898
Balance at 1 Oct 2005	25,822	7,894	1,344	35,060
Shares issued during the year	4,028	-	-	4,028
Profit attributable to members of parent entity	-	1,853	-	1,853
Profit attributable to minority shareholders	-	-	113	113
Revaluation increment	-	-	-	-
Sub-total	29,850	9,747	1,457	41,054
Dividends paid or provided for	-	(4,028)	-	(4,028)
Balance at 31 Mar 2006	29,850	5,719	1,457	37,026

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 September 2005 and any public announcements made by Ruralco Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

(a) Statement of Compliance

The half-year financial report complies with Australian Accounting Standards, which include equivalents to International Financial Reporting Standards (AIFRS).

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies applied are inconsistent with those applied in the 30 September 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

Reconciliations of:

- AIFRS equity as at 1 October 2004, 31 March 2005 and 20 September 2005; and
- AIFRS profit for the half-year 31 March 2005 and full year 30 September 2005: to the balances reported in the 31 March 2005 half-year and 30 September 2005 full-year financial report prepared under AGAAP are detailed in the tables and supporting notes or Note 2.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Ruralco Holdings Limited whereby Ruralco Holdings Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Note 1: Basis of Preparation (cont'd)

(b) Principles of consolidation (cont'd)

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(c) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Ruralco Holdings Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Ruralco Holdings Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office (ATO) on 12 September 2003 that it had formed an income tax consolidated group to apply from 1 October 2002. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned a first in, first out basis.

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Note 1: Basis of Preparation (cont'd)

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land buildings are measured on the fair value basis, being amount for which an asset could be exchanged between knowledgeable willing parties in an arm's lengths transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisal being made by the directors.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis or reducing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Leasehold improvements	4 - 7.5%
Plant and equipment	5 - 40%
Plant and equipment leased to external parties	5 - 40%
Leased plant and equipment	15%

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Note 1: Basis of Preparation (cont'd)

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies.

(h) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

losses. Patents and trademarks are amortised over the period of 20 years.

Note 1: Basis of Preparation (cont'd)

(j) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

(m) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Rebate Revenue

This represents income paid to us by product suppliers that is normally associated with products sold to customers. Any rebate income that has to be passed over to the customer must be deducted from the rebate revenue to record the net rebate revenue.

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Note 1: Basis of Preparation (cont'd)

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000.

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous AGAAP at 1 Oct 2004 \$000	Consolidated Adjustments on introduction of Australian equivalents to IFRS \$000	Australian equivalents to IFRS at 1 Oct 2004 \$000
Reconciliation of Equity at 1 October 2004		\$000	\$000	\$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		19,406	-	19,406
Trade and other receivables		111,989	-	111,989
Inventories	2a	24,436	(354)	24,082
Other current assets		1,067	-	1,067
TOTAL CURRENT ASSETS		156,898	(354)	156,544
NON-CURRENT ASSETS				
Trade and other receivables	2a	2,434	(9)	2,425
Investments accounted for using the equity method		1,242	-	1,242
Other Financial Assets	2a	276	(260)	16
Property, plant and equipment	2a	6,485	358	6,843
Intangible assets	2a	10,068	(313)	9,755
Deferred Tax Assets	2a	2,336	(137)	2,199
TOTAL NON-CURRENT ASSETS		22,841	(361)	22,480
TOTAL ASSETS		179,739	(715)	179,024
CURRENT LIABILITIES				
Trade and other payables		110,074	-	110,074
Short-term borrowings		23,504	-	23,504
Current tax liabilities		709	-	709
Other current liabilities	2a	2,975	(627)	2,348
TOTAL CURRENT LIABILITIES		137,262	(627)	136,635
NON-CURRENT LIABILITIES				
Long-term borrowings		8,898	-	8,898
Long-term provisions	2a	366	392	758
TOTAL NON-CURRENT LIABILITIES		9,264	392	9,656
TOTAL LIABILITIES		146,526	(235)	146,291
NET ASSETS		33,213	(480)	32,733
EQUITY				
Issued capital		25,100	-	25,100
Reserves	2a	142	(142)	0
Retained earnings	2a	6,962	(338)	6,624
Parent interest		32,204	(480)	31,724
Minority equity interest		1,009	-	1,009
TOTAL EQUITY		33,213	(480)	32,733

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous AGAAP at 31 Mar 2005	Consolidated Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 31 Mar 2005
		\$000	\$000	\$000
Reconciliation of Equity at 31 March 2005				
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		7,046	-	7,046
Trade and other receivables		114,179	-	114,179
Inventories	2a	25,834	(335)	25,499
Other current assets		430		430
TOTAL CURRENT ASSETS		147,489	(335)	147,154
NON-CURRENT ASSETS				
Trade and other receivables	2a	2,431	(9)	2,422
Investments accounted for using equity method		1,245	-	1,245
Other Financial Assets	2a	276	(260)	16
Property, plant and equipment	2a	6,264	270	6,534
Intangible assets	2a	10,001	(62)	9,939
Deferred Tax Assets	2a	2,328	(278)	2,050
TOTAL NON-CURRENT ASSETS		22,545	(339)	22,206
TOTAL ASSETS		170,034	(674)	169,360
CURRENT LIABILITIES				
Trade and other payables		105,704	-	105,704
Short-term borrowings		17,973	-	17,973
Current tax liabilities		329	-	329
Other current liabilities	2a	2,932	(627)	2,305
TOTAL CURRENT LIABILITIES		126,938	(627)	126,311
NON-CURRENT LIABILITIES				
Long-term borrowings		8,198	-	8,198
Long-term provisions	2a	560	392	952
TOTAL NON-CURRENT LIABILITIES		8,758	392	9,150
TOTAL LIABILITIES		135,696	(235)	135,461
NET ASSETS		34,338	(440)	33,898
EQUITY				
Issued capital		25,822	-	25,822
Reserves	2a	142	(142)	-
Retained earnings	2a	7,135	(298)	6,837
Parent interest		33,099	(440)	32,659
Minority equity interest		1,239		1,239
TOTAL EQUITY		34,338	(440)	33,898

**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous AGAAP at 30 Sep 2005	Consolidated Adjustments on introduction of Australian equivalents to IFRS	Australian equivalents to IFRS at 30 Sep 2005
Reconciliation of Equity at 30 September 2005		\$000	\$000	\$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		18,186	-	18,186
Trade and other receivables		121,599	-	121,599
Inventories	2a	24,010	(312)	23,698
Other current assets		1,096	-	1,096
TOTAL CURRENT ASSETS		164,891	(312)	164,579
NON-CURRENT ASSETS				
Trade and other receivables	2a	2,364	(9)	2,355
Investments accounted for using the equity method		871	-	871
Other Financial Assets	2a	276	(260)	16
Property, plant and equipment	2a	5,328	181	5,509
Intangible assets	2a	9,750	227	9,977
Deferred Tax Assets	2a	2,425	(233)	2,192
TOTAL NON-CURRENT ASSETS		21,014	(94)	20,920
TOTAL ASSETS		185,905	(406)	185,499
CURRENT LIABILITIES				
Trade and other payables		116,179	-	116,179
Short-term borrowings		21,957	-	21,957
Current tax liabilities		458	-	458
Other current provisions		3,243	-	3,243
TOTAL CURRENT LIABILITIES		141,837	-	141,837
NON-CURRENT LIABILITIES				
Long-term borrowings		7,885	-	7,885
Long-term provisions	2a	325	392	717
TOTAL NON-CURRENT LIABILITIES		8,210	392	8,602
TOTAL LIABILITIES		150,047	392	150,439
NET ASSETS		35,858	(798)	35,060
EQUITY				
Issued capital		25,822	-	25,822
Reserves	2a	205	(205)	-
Retained earnings	2a	8,487	(593)	7,894
Parent interest		34,514	(798)	33,716
Minority equity interest		1,344	-	1,344
TOTAL EQUITY		35,858	(798)	35,060

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Consolidated		
		Previous AGAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Profit or Loss for the half- year 31 March 2005		\$000	\$000	\$000
Revenue		276,072	-	276,072
Changes in inventories of finished goods and work in progress		(4,337)	-	(4,337)
Raw materials and consumables used	2a	(246,681)	19	(246,662)
Employee benefits expense		(10,421)	-	(10,421)
Depreciation and amortisation expense	2a	(1,009)	128	(881)
Finance costs		(1,490)	-	(1,490)
Other expenses		(9,884)	-	(9,884)
Share of net profits of associates		(5)	-	5
Profit before income tax		2,255	147	2,402
Income tax expense	2a	(772)	17	(755)
Profit from continuing operations		1,483	164	1,647
Profit for the year		1,483	164	1,647
Profit attributable to minority equity interest		(44)	-	(44)
Profit attributable to members of the parent entity		1,439	164	1,603

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	Note	Previous AGAAP	Consolidated Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
Reconciliation of Profit or Loss for the full to 30 September 2005		\$000	\$000	\$000
Revenue		589,074	-	589,074
Changes in inventories of finished goods and work in progress		(257)	-	(257)
Raw materials and consumables used	2a	(534,943)	42	(534,901)
Employee benefits expense		(22,010)	-	(22,010)
Depreciation and amortisation expense	2a	(1,920)	329	(1,591)
Finance costs		(1,889)	-	(1,889)
Other expenses		(22,946)	-	(22,946)
Share of net profits of associates		38	-	38
Profit before income tax		5,147	371	5,518
Income tax expense		(1,661)		(1,661)
Profit from continuing operations		3,486	371	3,857
Profit for the year		3,486	371	3,857
Profit attributable to minority equity interest		(183)	-	(183)
Profit attributable to members of the parent entity		3,303	371	3,674

**RURALCO HOLDINGS LIMITED
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ABN 40 009 660 879**

**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

Consolidated

**NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN
EQUIVALENTS TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

01 Oct 2004 31 Mar 2005 30 Sep 2005

**Notes to the Reconciliations of Equity and Profit and
Loss at 1 Oct 2004, 31 Mar 2005 and 30 Sep 2005**

\$000 \$000 \$000

(a) Retained earnings and reserves comprise:

(i) General provisions adjustment	627	627	
(ii) Impairment of investment	(269)	(269)	(269)
(iii) Recognition of inventory rebates	(354)	(354)	(354)
(iv) Impairment of goodwill	(313)	(313)	(313)
(v) Make good amortisation	(34)	(122)	(211)
(vi) Bringing tax to account	(137)	(278)	(233)
(iii) Inventory rebate movement	-	19	42
(iv) Reversal of goodwill	-	250	540
Total	(480)	(440)	(798)

Classified in equity as follows:

Transfer from reserves	142	142	205
Adjusted to retained earnings	338	298	593
	480	440	798

(i) General Provisions

General provisions: under AIFRS are not permitted. As such, these have been de-recognised on transition to AIFRS at 1 October 2004 and 31 March 2005. The total release, which increased retained profits amounted to \$627,000.

(ii) Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level.

The economic entity has tested all assets for impairment as at 1 October 2004, 31 March 2005 and 30 September 2005. The impact of the change is \$269,000 which includes \$260,000 relating to investments and \$9,000 relating to trade receivables.

(iii) Inventory Rebates

The economic entity receives rebates from vendors on inventory purchases. AIFRS requires rebates received from vendors to be recognised as a reduction in cost of sales and in the cost of inventories.

The impact on the economic entity at 1 October 2004, 31 March 2005 and 30 September 2005 is a decrease in retained earnings and inventory of \$354,000. Movement in rebates as at 31 March 2005 and 30 September 2005 amounted to \$19,000 and \$42,000 respectively.

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

(iv) Impairment of Goodwill

Goodwill

Under AASB 3: Business Combinations, amortisation of goodwill is prohibited. Goodwill is capitalized to the statement of financial position and subjected to an annual impairment test. Goodwill is allocated to cash generating units and tested annually for impairment.

In respect of balances reported prior to the transition date, goodwill is carried on the basis of its deemed cost, which represents the amount recorded under AGAAP as at 1 October 2004.

Impairment testing as at 1 October 2004, 31 March 2005 and 30 September 2005 indicated that there was an impairment of goodwill of \$313,000, which has been adjusted

Goodwill amortised in the periods to 31 March 2005 and September 2005 has been adjusted and resulted in an increase to retained earnings of \$250,000 and \$540,000 respectively.

Other Intangible Assets

Other intangible assets acquired have been stated at cost less accumulated amortisation and impairment losses. Assets acquired and or developed for internal use have been reclassified from intangible assets to goodwill on transition to AIFRS. This has resulted in a reclassification of \$1,140,000 by the economic entity as at 1 October 2004 and \$1,203,000 as at 30 September 2005.

(v) Make Good Provisions

Under AIFRS the cost of restoring a site occupied as part of the entities business operations to its original condition must be recognized when the site is initially utilized.

As at 1 October 2004, 31 March 2005 and 30 September 2005 a provision for make good costs of \$392,000 has been recognised by the economic entity. This has resulted in an increase to property, plant and equipment and the related provision balance. Amortisation of \$34,000 has been charged at 1 October 2004, \$122,000 at 31 March 2005 and \$211,000 for the year ended 30 September 2005, resulting in the carrying value recognized under property, plant and equipment to be \$358,000 for 1 October 2004, \$270,000 for 31 March 2005 and \$181,000 for the year ended 30 September 2005.

(vi) Income Tax

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognized in relation to amounts recognized directly in equity. The adoption of AIFRS has resulted in a change of accounting policy. The application of AASB 112 Income Taxes has resulted in the recognition of deferred tax liabilities on non-current assets as well as deferred tax balances arising during the year.

The impact on the economic entity at 1 October 2004, 31 March 2005 and 30 September 2005 of the change in basis and the transition adjustments to the deferred tax balances and the previously report tax expense is a decrease in the deferred tax asset and a decrease in retained earnings of \$137,000, \$278,000 and \$233,000 respectively.

**RURALCO HOLDINGS LIMITED
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**Notes to the Financial Statements
For the Half Year Ended 31 March 2006**

	1 Oct 2004 \$000	Consolidated 31 Mar 2005 \$000	30 Sep 2005 \$000
Deferred tax assets comprise:			
Specific provisions	894	946	1054
Employee benefits	865	884	918
Other specific accruals	858	623	543
Total	<u>2,617</u>	<u>2,453</u>	<u>2,515</u>
Deferred tax liabilities comprise:			
Property, Plant & Equipment	(418)	(404)	(323)
Total	<u>(418)</u>	<u>(404)</u>	<u>(323)</u>

(b) Reconciliation of cash flow statements for year ended 31 March 2006.

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

NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 7 April 2006 Ruralco lodged a supplementary bidder's statement for the acquisition of Roberts Limited. On 15 May 2006 Ruralco declared its bid for Roberts as being unconditional. As at 17 May 2006, 87.1% of Roberts Shareholders had accepted the offer bid.

At 31 March 2006 the professional fees paid or accrued in respect of the bid for Roberts amounted to \$276,000 and this amount has been included in the value of goodwill reflected in these financial statements. The cost of professional fees in respect of this transaction is estimated to be \$2 million.

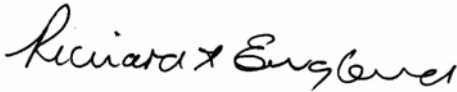
**RURALCO HOLDINGS LIMITED
AND CONTROLLED ENTITIES
ABN 40 009 660 879**

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 23:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 March 2006 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Richard England
Chairman**

Dated this 1st day of June 2006

Independent Review Report To the Members of Ruralco Holdings Limited

Scope

The financial report 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 the Ruralco Holdings Limited and its controlled entities, for the half-year ended 31 March 2006. The consolidated entity comprises both Ruralco Holdings Limited and the entities it controlled during that half-year.

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.

Review Approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Accounting Standard AASB 134: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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.

Independence

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

Independent Review Report to the Members of Ruralco Holdings Limited

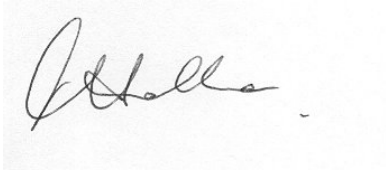
Statement

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 Ruralco Holdings Limited is not in accordance with:

- a. the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 31 March 2006 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.



WHK GREENWOODS



BRUCE HATCHMAN

Dated this 1st day of June 2006