Investing For Growth

Annual Report 2013

Our ability to embrace change has continued to underpin SunRice's success, in even the most challenging of circumstances. In 2012/13, with a return to more favourable conditions, we invested for growth across every aspect of our business, from our people and performance to our operations and branding.


Australian
Medium Grain
White Rice
SunRice
PROUDLY AUSTRALIAN GROWN
energy source
99% fat free
cholesterol free
gluten free
low salt
1 kg

Contents

Footnote:
SunRice's Annual Report covers Ricegrowers Limited ABN 55007481156 and subsidiaries. The report can be viewed or downloaded from SunRice's website, www.sunrice.com.au. In this report, 'the year', 'this year', '2012/13', 'crop year 2012', 'CY12' all refer to the Financial Year ended 30 April 2013. The '2013 harvest' refers to the rice crop grown in 2012/13 and processed in the Financial Year ended 30 April 2014.

About SunRice

Today SunRice is a global branded food group, with more than 2,100 employees, a broad portfolio of subsidiary businesses, and customers in around 60 countries.

SunRice was built by the Australian rice industry over many decades, and today is one of Australia's leading branded food exporters.

With revenue in excess of $1 billion and operations and markets spanning the globe, we supply around 60 countries with diverse and nutritious food products. Innovation is the key to our success and our brands represent superior taste experiences and quality around the world.

Our proud history dates back to the establishment of a single rice mill in the Riverina region of New South Wales in 1950. Our operations include state-of-the-art processing, packing and value adding food plants, employing more than 2,100 people across Australia, the Pacific, America, the Middle East and Papua New Guinea.

We boast 27 brands and a broad portfolio of subsidiary businesses including CopRice, Riviana Foods, Trukai Industries, Solrice and SunFoods.

In 2012/13, with a return to more favourable conditions, we invested for growth across every aspect of our business, from our people and performance, to our operations and branding. We continue to strengthen our company for the future and are poised for further success.

Business Highlights

In 2012/13 we were able to increase the paddy price paid to growers by 24%, while achieving an underlying profit before tax* improvement of 44% and paying a record dividend to shareholders.

Revenue of $1.068 billion
up 6.8% on last year, reflecting strong international trading and solid performances by CopRice and our global Rice Milling and Marketing businesses

Net profit after tax of $35.8 million
up 5.5% on last year

Underlying profit before tax* of $62 million
up 44% on last year

A fully franked dividend of 23.0 cents per B Class Share
up 28% on last year and the highest return in our company's history

Paddy pool price of $317 per tonne for Medium Grain (Reiziq)
up 15% on last year's pool performance, mainly reflecting improved trading and operational efficiencies across milling. Price paid to growers up 24% compared to last year, with no retention* in 2012/13

Infrastructure investment program launched
to strengthen and streamline our plant, equipment and supply chain for the future

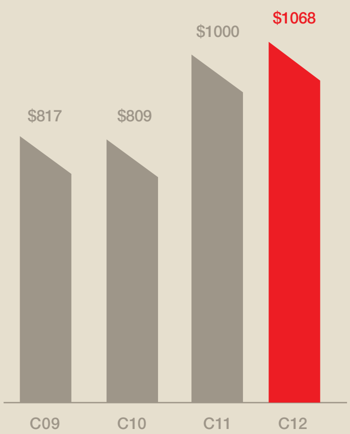
In-depth consumer insights research program completed
informing innovation, brand strategy and the launch of our most significant advertising campaign in a decade

2012 Australian Regional Exporter of the Year Award win
following the rapid re-establishment of our global markets after the drought

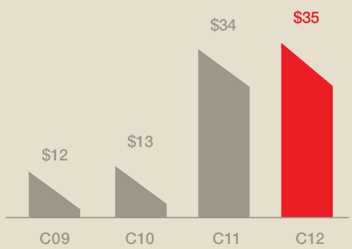
Another strong year of innovation
enhancing our leading domestic market share across the Table Rice, Microwave Rice, Ready-To-Go Meals, Rice Cakes and Pickled Vegetables categories

***Reconciliation of statutory profit before tax to underlying profit before tax**

	2013	2012
	$m	$m
Profit Before Income Tax	**57.3**	**54.6**
Paddy retention	-	(16.0)
Impairment of assets (outside Australian paddy pool)	3.4	4.3
Capital Restructure expenses /Ebro	1.2	0.3
Underlying profit before tax	**62.0**	**43.2**



Revenue (millions)



Net Profit After Tax (millions)

Hundreds of grains. Millions of possibilities. Our comprehensive consumer research informed a re-launch of the SunRice brand in 2013.

Chairman's Message

2012/13 marked SunRice's move beyond drought recovery, as we reinvested in the future of our great company. I am pleased to see our business in such robust shape, with all of our mills functioning, our global markets recaptured, and our operations strengthened.

Our growers benefited from SunRice's sound financial performance, with a significant increase in the paddy price for C12. They responded by planting the largest crop in a decade for C13 and harvesting 1,161,104 tonnes of paddy. It has been wonderful to see the Australian rice industry's return to these production levels and a rewarding result after many difficult years.

We also made good progress on the Capital Structure Review in 2012/13, in our effort to establish a pathway that ensures SunRice can continue to benefit growers, shareholders, employees, consumers and regional communities for generations to come.

Strong financial performance

SunRice's exceptional performance in the first half of 2012/13 was mirrored in the second half, despite more challenging trading conditions.

Consolidated revenue for the year increased by 6.8% to $1.068 billion; and consolidated profit after tax increased by 5.5% to $35.8 million. Our gearing at year end was 61% compared to 66% in the prior year, and our average gearing fell from 73% to 43% across the 12 months.

Our performance was supported by the strength of our Australian Rice Milling and Marketing business, which directly funds the Australian paddy price, and improved operational efficiencies.

Accordingly, we were able to make a series of increases to the C12 paddy price for growers to raise it to $317 per tonne for medium grain (Reiziq). Together, these top-up payments represented approximately $55 million in additional payments that were injected into our regional communities via our rice growers, over and above the initial $250 million in paddy payments estimated for the C12 crop.

While many of our subsidiaries operated in a challenging and competitive environment, we managed to maintain and grow market share this year. As a result, we were delighted to announce a fully franked dividend of 23.0 cents per share to our B Class shareholders – a 28% increase on last year's and the highest in our company's history.

This is a wonderful result and the 2012/13 paddy price and dividend demonstrate the benefit of having both a strong industry and a strong business.

Capital Structure Review

Change has always been part of the SunRice journey and it is important that we commenced the Capital Structure Review during a time of strength for our company. While we have made an impressive return to the world stage, we have structural and capital issues to address.

In 2012/13 we implemented a consultation program that sought to learn the views of our growers and shareholders on the challenges we face as a business, as well as the concerns and interests of both A and B Class shareholders. I have been encouraged by the attendance at these roadshows and the willingness of our shareholders to consider that our unique challenges require a unique solution.

We listened to you and, in line with the feedback we received, have acknowledged our intention to preserve existing A Class shareholder rights and controls. While the Board has not yet determined its recommendation, 2013/14 will bring further progress in this regard.

Retention of vesting

The New South Wales Government underpinned a strong future for our industry in 2012/13 via the retention of rice vesting arrangements and SunRice's Sole and Exclusive Export Licence for a further five years. These arrangements provide important certainty and assist SunRice to maximise returns for Australian growers in export markets.

We thank the NSW Minister for Primary Industries, the Hon. Katrina Hodgkinson MP, and our NSW Member for Murrumbidgee and Minister for Education, the Hon. Adrian Piccoli MP, for their unwavering support on this critical issue for our industry.

The Ricegrowers' Association of Australia Inc. and their members also played an important part in the retention of vesting and we thank them for their determination and foresight.

Reopening of Coleambally Mill

The NSW Government was also instrumental in supporting the reactivation of our Coleambally Mill in an overflow capacity role. We were pleased to have NSW Minister for Roads and Ports, the Hon. Duncan Gay MLC, officiate at its reopening.

The NSW Government partnered with Deniliquin Freighters and SunRice to develop an innovative road transport solution which allowed us to maximise the use of road legs between the Coleambally and Deniliquin Mills, It is always preferable to change from a position of strength. Having recovered from the drought, reduced our debt and gearing, and reclaimed our world markets, we are now well placed to make considered and strategic changes to strengthen our great company for the long term.

and the Tocumwal rail terminal. This partnership has provided significant supply chain and export benefits, while also reducing the number of trucks on local roads.

National Export Award win

It was a great honour for SunRice to be recognised as the Australian Regional Exporter of the Year at the 2012 Australian Export Awards, after winning the same category at the NSW Premier's Awards.

Our company took centre stage at both events in recognition of our turnaround since the drought. I was in attendance to accept the awards on behalf of SunRice, marking an incredible achievement for our company, growers, shareholders and staff.

Our success is a timely reminder of the importance of retaining a strong manufacturing base in regional Australia, which is linked to the economic outlook of so many rural communities. SunRice has an important role to play in this area, as well as in supporting Australian food production and global food security.

A bumper harvest

The beginning of the 2012/13 season presented establishment difficulties for many growers, however much of the summer period produced optimal conditions for boosting yields.

Our growers began harvesting a bumper crop of 1,161,104 tonnes in March and it was wonderful to see so many headers operating across the growing region. With ideal conditions, growers were quick to deliver their crops to our storages and AGS staff did an exceptional job of receiving large amounts of paddy. Across all depots, AGS received more paddy in April 2013 than we have in that month in any previous harvest on record.

The challenge now is to market such a significant crop in the face of softening world prices and increased global competition. As always, SunRice will work to achieve the best paddy price for our growers in 2013/14 and as the year ended we were able to confirm the first payment for the C13 crop as $156 per tonne for medium grain (Reiziq).

Sincere appreciation

I would like to extend my sincere appreciation to my fellow Board members, particularly Deputy Chairman Mark Robertson, for their amazing support and loyalty to our company during 2012/13.

I would also like to acknowledge Peter Margin, who replaced Russell Higgins as an External Director in 2012.

It has been a pleasure to work beside CEO Rob Gordon in 2012/13, who has been tireless in his commitment to delivering further benefits for our company and shareholders. Our Corporate Management Team has remained focused on achieving outstanding results and implementing new programs to set the future direction for SunRice.

Our rice growers have been strongly represented by the combined efforts of Les Gordon, President, Ruth Wade, Executive Director, and the Central Executive of the Ricegrowers' Association of Australia Inc. All have shown their unfailing dedication to promoting the interests of our industry during 2012/13.

My sincere thanks again to NSW Minister for Primary Industries, the Hon. Katrina Hodgkinson MP, and NSW Member for Murrumbidgee and Minister for Education, the Hon. Adrian Piccoli MP; and also to NSW Minister for Roads and Ports, the Hon. Duncan Gay MLC; VIC Minister for Transport, Terry Mulder; former Federal Minister for Agriculture, Fisheries and Forestry, Senator, the Hon. Joe Ludwig; NSW Member for Murray-Darling, John Williams MP; Federal Member for Farrar, the Hon. Sussan Ley MP; and Federal Member for Riverina, Michael McCormack MP.

On a final note

It has been an exciting year for SunRice as we chart a new course for our company through re-investment and growth, and addressing the challenges and opportunities which lie ahead.

We have terrific growers and shareholders and I look forward to working with you all in 2013/14 as we embark on the next part of our journey together and build our reputation as one of the world's most innovative branded food companies.

Gerry Lawson AM
Chairman

CEO's Message

In 2012/13, SunRice invested for growth.

This followed a strong return to international markets in 2011/12 and, prior to that, close to a decade marked by drought during which the business prudently reduced capital and marketing-related expenditure.

A stronger balance sheet in 2012/13 allowed us to start the process of reinvesting in SunRice's subsidiary businesses, as well as our operations, supply chain, brands and employees.

While complex trading environments proved difficult for some of our subsidiaries, significant work was undertaken across the SunRice Group, which will underpin cost efficiencies and market opportunities in the year ahead. At the same time, the Capital Structure Review aims to further strengthen SunRice for the long term to the benefit of all shareholders.

2012/13 financial results

The results for 2012/13 reflect a challenging, but overall strong trading year and one in which our underlying profit performance improved substantially.

Consolidated revenue was $1,068 million, up 6.8% on the $1,000 million recorded in 2011/12. Profit after tax for the full year was $35.8 million. This compares to the $33.9 million recorded in 2011/12; $11 million ($16 million before tax) of which was directly attributable to the paddy price retention made to strengthen the balance sheet.

SunRice's subsidiary businesses faced challenging conditions in 2012/13 and as a consequence of the larger Riverina crop allowing for more volume to be processed in Australia, impairments were taken against our assets in SunFoods and APC.

When the impacts of these one-off costs are excluded, our underlying profit before tax demonstrates a considerable year-on-year improvement from $43.2 million in 2011/12 to $62.0 million in 2012/13.

This is a particularly pleasing result given the competitive environment within which we operate.

We remain focused on reducing our gearing to provide a platform for reinvestment in the business. At year end, SunRice's gearing was 61%, compared with 66% at the same point last year. Even with the larger crop and related inventory levels, the tight management of our working capital and improved underlying profit meant our average gearing across the 12 months fell from 73% in 2011/12 to 43% in 2012/13.

While these results are positive and will enable us to continue addressing SunRice's debt, what they will not do is release capital to allow SunRice to realise its full potential. This is one of the fundamental aims of the Capital Structure Review and, as the Chairman has stated, any model presented to shareholders for consideration will be designed to achieve this, while also preserving existing A Class shareholder rights.

Global market strength

SunRice's 2012/13 trading profit was delivered against the backdrop of softening international commodity prices and a strong Australian dollar.

We managed to trade well in the second half of the year, despite the increasing competition from Egypt in our Middle East markets.

Sales and volume improvements in Papua New Guinea led to a strong performance by Trukai Industries, and underpinned a six percentage point increase in market share. Sales to the Solomon Islands increased substantially following the return of Australian medium grain to the market. Our performance also improved in the wider Pacific, where we were able to leverage our strong distributor network to deliver volume and share growth in Vanuatu, Samoa and New Caledonia.

SunRice's Middle Eastern markets were targeted by U.S. and Egyptian medium grain brands in 2012/13 after large rice crops in both countries, and the removal of Egypt's export ban. A combination of branded initiatives and new product launches enabled us to maintain a price premium throughout the Gulf States in what proved to be an aggressive trading environment.

The return of Australian rice also allowed us to participate in Government-controlled tenders in our key Asian markets in 2012/13; successfully fulfilling Australia's Country Specific Quotas for both South Korea and Taiwan. In Japan, we were successful in growing our sales volume of short grain through Simultaneous-Buy-Sell (SBS) tenders, as well as selling medium grain through Ordinary Market Access (OMA) tenders.

Small gains were also made in the new markets of Malaysia and Thailand.

Domestic category innovation

Faced with a larger Australian crop to market in 2012/13, the SunRice Sales and Marketing team successfully pursued opportunities to increase our market share in Australia and New Zealand.

This was supported by the combined launch of more than 30 new products across the Riviana Foods and SunRice portfolios. Volume increases were achieved in our Core Rice, Microwave Rice, Ready-To-Go-Meals, Rice Cakes and Pickled Vegetable ranges, as well as in the domestic foodservice category following the successful re-introduction of Australian-grown Koshihikari and Jasmine rice.

Further domestic category innovation will arrive on supermarket shelves during 2013/14 following our investment in a significant consumer insights research project. This body of work will drive our future product innovation, brand strategy and consumer communications and has already informed the launch of our new

A stronger balance sheet in 2012/13 allowed us to start the process of reinvesting in SunRice's subsidiary businesses, as well as our operations, supply chain, brands and employees.

SunRice Low GI Brown and premium Black Rice products, as well as our "Hundreds of Grains. Millions of Possibilities" advertising campaign.

We have received excellent feedback from our trade customers on both our new products and positioning, and anticipate strong consumer interest in the coming 12 months as we drive innovation in the domestic market. This includes new packaging for our Core Rice portfolio, which we're delighted to share with you on the cover of this report.

A challenging year for subsidiaries

As noted earlier, our subsidiaries and complementary businesses faced challenging conditions in 2012/13.

Whilst Riviana's sales revenues were up year-on-year in foodservice and retail, competitive pricing pressures led to a reduction in margin in both channels.

In 2012/13 SunFoods continued to focus on building an independent U.S. domestic business, following the end of its role supporting Australian export markets during the drought.

While SunFoods successfully built on value and volume growth in the HINODE Hawaii and U.S. retail markets during the year, overall volume and revenues remained lower as a result of production returning to Australian operations.

Trukai Industries had a strong 12 months and benefitted from both an improved market share and a step up in the size of the market.

CopRice also performed well. Despite difficult conditions in the dairy industry and higher grain prices year-on-year which compressed margins, bulk sales increased by 6% in 2012/13. Sales volumes for specialty packaged goods increased by 14%, with newly launched products supporting growth.

Investing for growth

The challenges associated with the upscale of our facilities post drought were examined as part of an end-to-end review of SunRice's supply chain and operations in 2012/13. Subsequently, the Board has approved $18 million of fresh capital investment in core milling and manufacturing infrastructure, with two thirds of this expenditure relating to productivity and cost savings initiatives. The first $6 million was invested in efficiency improvements in 2012/13, and included the installation of new hullers, de-stoners, paddy separators and plan sifters at our mills. In addition to immediate throughput gains, the full capital program will ensure productivity and return on investment in years to come.

Capital investments were also made in our subsidiary companies. SunFoods delivered conversion cost efficiencies following investment in automation; and the installation of new bottling equipment at Riviana's Wacol site also increased operational efficiencies.

As mentioned by the Chairman, the retention of rice vesting and SunRice's Sole and Exclusive Export Licence in New South Wales provided certainty for the industry's future and, in turn, established a more certain investment environment in which we were able to embark on this significant capital program.

Focused on the future

In addition to our management team's ongoing work to deliver strong results for our shareholders, we also completed strategic planning work which identified opportunities for growth and underpinned an optimised plan for each of our divisions. This work will inform our growth, operational and brand opportunities during the next three to five years; clearly defining the role each business will play in our company's development.

There are of course a range of external factors that have the potential to impact our business. These include the potential effect on global rice prices should Thailand's long grain scheme come to an end, the re-entry of Egypt in the world medium grain market, the impact of water policy on Australian rice production, and the fact that many of our markets found alternate supply sources during the drought. Conversely, large Australian crops that exceed our overall market requirements may also impact our gearing in line with increased inventory levels. We must continue to earn the right to our recovered market share and seek out new markets, even with the potential benefits of a weakening Australian dollar. SunRice also operates in and generates sales from a number of regions with high sovereign risk.

Thank you

I would like to thank Chairman Gerry Lawson and the SunRice Board for their continued support throughout 2012/13. I would also like to recognise the efforts of the Corporate Management Team and our employees, and their combined commitment to driving the profitability of our company.

We have already returned our business to its pre-drought operations and markets, and in 2013/14 we anticipate that re-investment and expansion will reap further rewards for SunRice, both in Australia and overseas.

I look forward to partnering our people in the year ahead as we continue to invest for growth and develop a strong, sustainable future for this outstanding company.

Rob Gordon
CEO

"Australian rice has been welcomed back around the world, from our established markets in the Middle East to niche and tender markets in Asia."

Khaldoun Hallak, SunRice General Manager – Middle East

SunRice Around the World

In 2012/13 SunRice refocused its attention on consumers and embarked on a major research initiative, including a Consumer Insights study, to position our brand for the future.

Australia and New Zealand positioned for growth

Table Rice

SunRice maintained a strong position in the retail market in 2012/13, despite an increasingly challenging competitive environment. Our investment in consumer insights led to an engaging new consumer communication campaign, as well as innovation in the rice portfolio, which will appear on shelf in mid-2013.

The successful launch of SunRice Low GI Brown rice tapped into the increased demand for health and wellbeing products; and our premium positioned SunRice Black Rice was inspired by the trend to explore new cuisines. Both products demonstrated the expanding role of rice in people's lives and further opportunities for growth.

The presence of SunRice in the foodservice market grew beyond medium grain and long grain varieties in 2012/13, opening up new opportunities for Australian-grown Koshihikari rice and Jasmine rice.

Microwave Rice

SunRice continued to lead the market in the Microwave Rice category, delivering growth for the eighth consecutive year.

All pack formats experienced sales increases during 2012/13, with both pouch and cup, plain and flavoured microwave products recording significant volume increases.

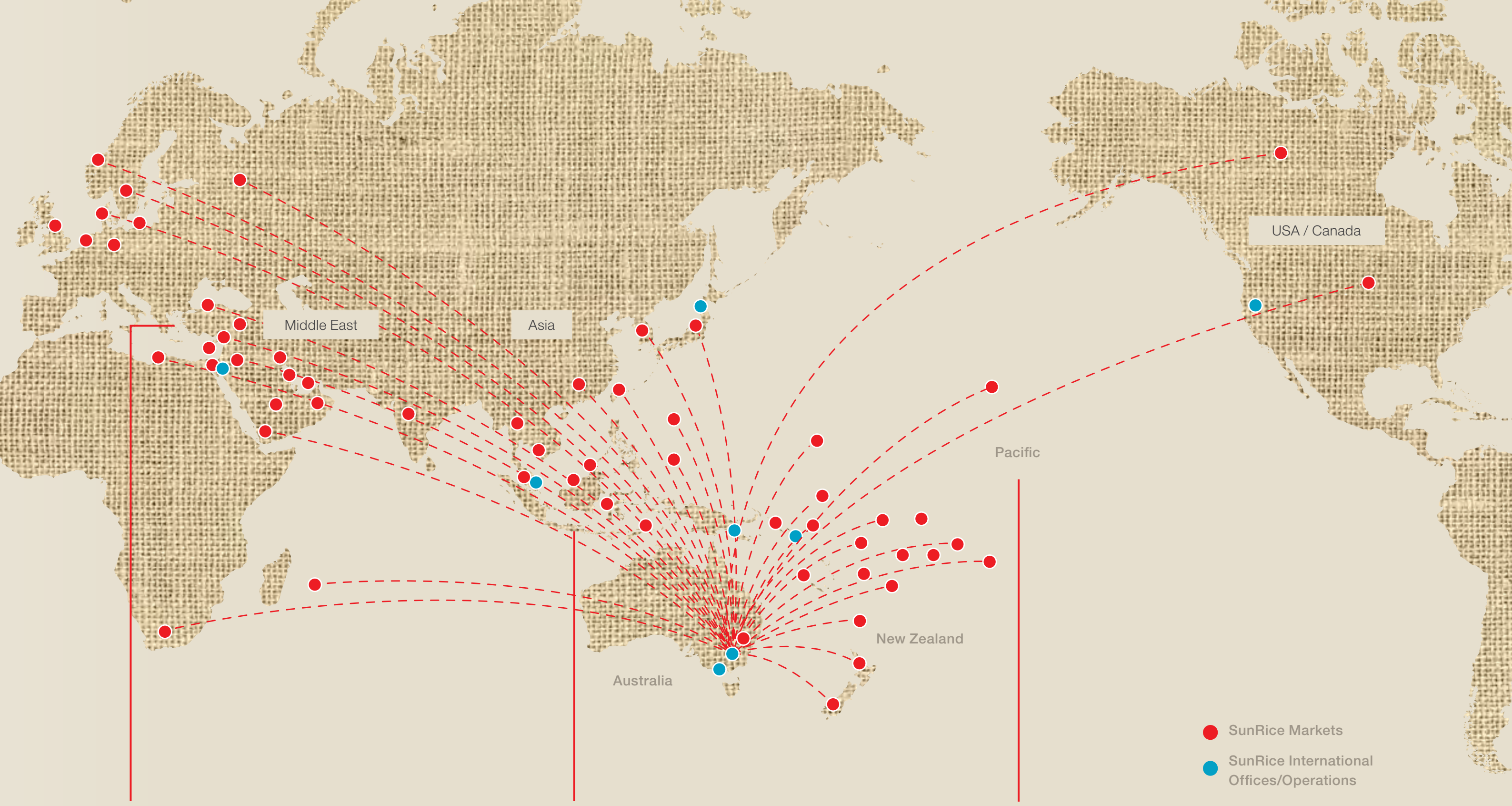
SunRice Quick Cups also managed to drive category growth by stimulating new consumption occasions such as convenient snacking.

Ready-To-Go Meals

SunRice built on its significant share of the Ready-To-Go Meals category, claiming 70% of the sector in 2012/13. We remained the only manufacturer responsible for promoting growth in this market, which can be attributed to the success of our rice-based meals range. The most recent additions to the range – our Asian noodle products — also performed strongly over the past 12 months.

Rice Cakes

SunRice continued to hold the majority share of volume and value in the rice cakes retail category and has led the market for the last three years. Through our focus on innovation, we have contributed 71% of branded new product development to the sector, following the introduction of square and sweet cake formats.



Sunwhite tracks strongly across the Middle East

Solid expansion into key Asian markets

Outstanding sales growth in the Pacific

In 2012/13, SunRice concentrated on investing in the brand and is committed to building momentum in this category in 2013/14.

Marketing

In 2012/13, SunRice refocused its attention on consumers and embarked on a major research initiative, including a Consumer Insights study, to position our brand for the future.

This initiative underpinned both brand and new product development strategies and our most significant advertising campaign since the popular rice sculptures concept in the 1990s. The "Hundreds of Grains. Millions of Possibilities" television campaign was launched at year end, with execution of the concept across print, and online and digital platforms due in the first quarter of 2013/14.

Marketing success in the Middle East

SunRice's branded business tracked strongly across the Middle East in 2012/13, advancing in market segments despite competition from the U.S. and, more recently, from Egyptian medium grain rice brands. We executed a comprehensive program of Sunwhite brand focused initiatives, with an emphasis on fostering loyalty with consumers.

The Sunwhite Jasmine brand, which was originally launched on a small scale, is now being rolled out to additional markets based on the rapid expansion of volumes. Rice Cake sales have to date been directed to selected markets, however we are now planning to extend these products into new markets in the year ahead.

An expanding footprint in Asia

Our Asia business continued to grow in 2012/13, as SunRice expanded its footprint in the new markets of Malaysia and Thailand.

Government-controlled tenders played an important part in extending our relationships with South Korea and Taiwan, where we were successful in fulfilling Australia's Country Specific Quotas.

In Japan, branded Australian rice appeared on supermarket shelves for the first time in many years, after we secured greater sales volumes through short and medium grain tenders.

Our Kangaroo and Double Ram brands were also sold regularly in supermarket chains in Hong Kong and Singapore.

It was a pleasing result for the SunRice Asia business overall, which performed well despite a very competitive environment and the impact of a strong Australian dollar.

Volume and share growth in the Pacific

SunRice undertook initiatives to further expand our Sunwhite and Island Sun Brands in the Pacific during 2012/13, with excellent results.

We also achieved marked volume and share growth in the key markets of the Solomon Islands, Vanuatu, Samoa and New Caledonia.

Improvements in packaging design and the launch of Australian Jasmine and Medium Grain rice into new Pacific markets delivered good distribution benefits.

"The infrastructure investments we're making today will deliver immediate benefits, as well as cost savings for SunRice over the long term."

Simon Spiers, Manufacturing Manager – Leeton

Our Operations

In 2012/13 SunRice invested in targeted capital improvements which successfully boosted productivity, improved quality standards and delivered a higher degree of customer satisfaction.

In 2012/13, SunRice's entire operations – from mill to port – were examined as part of our Productivity Program to establish a platform to increase plant efficiency, streamline the supply chain and reduce costs over the next three years. This was combined with innovative public-private partnerships with both the New South Wales and Victorian State Governments to increase supply chain efficiency and deliver better safety outcomes for local road and rail users.

Investing in manufacturing

SunRice's milling division benefited significantly from our $6 million re-investment in plant and equipment during 2012/13. Approximately $2 million of this was allocated to productivity and cost saving initiatives that will benefit our company over the long term, with an average pay-back period of two years.

New hullers, de-stoners, and paddy separators at the Leeton Mill have resulted in increased throughput and an improvement in paddy yield. The same improvements will be made at Deniliquin Mill in 2013/14 to improve overall throughput across our milling operations.

We were pleased that the positive crop outlooks provided the opportunity to reactivate the Coleambally Mill in an overflow capacity role in 2012/13 to assist our export business. With the support of Leeton and Deniliquin Mills we were able to recruit and train more than 30 people to achieve the required throughput and cost outcomes during an aggressive commissioning phase.

Our lean manufacturing program further engaged our people and built upon their knowledge and experience, resulting in more efficient and effective operations over the past 12 months.

Supply chain efficiencies

A number of productivity initiatives resulted in considerable efficiency advantages across our supply chain in 2012/13. These included a formal supply chain review, which identified areas of potential cost savings and resulted in an overall cost reduction for the business of more than $3 million.

In a first for New South Wales, SunRice worked with the NSW Government and Deniliquin Freighters to secure approval for specialised truck and trailer equipment to transport heavier containers via road, from the Coleambally Mill to Tocumwal. The increased product weight in these containers, bound for global markets, produced considerable savings in sea freight for SunRice, while also reducing truck numbers on local roads.

Left: Leeton Mill Quality Co-ordinator Tess Ruberto. Above: Leeton Mill Team Leader Leigh Smith. Right: Leeton Mill Team Leader Peter Farrell.

In 2012/13 we also partnered with the Victorian Government in an important project to reopen the Toolamba rail corridor, to carry freight from the Deniliquin Mill. This will enable SunRice to despatch more product by rail and mitigate a number of issues that are currently impacting services on the highly congested Bendigo passenger line.

Significant reductions in packaging costs were also achieved through a number of global tenders and continued efforts are being made to drive group savings through combined volumes. Based on the work completed to date, we anticipate there will be scope for further efficiency gains across the Packing, Distribution and Warehousing functions in the future.

Our employees championing safety

In 2012/13 SunRice emphasised the importance of safety across the business, including the introduction of a Board Committee for Safety, Health and Environment (SHE) to drive this program from the top down.

The company successfully managed the safety challenges of a recently commissioned plant and newly trained staff at Coleambally Mill, as well as those posed by the continual development of our Deniliquin site.

Our employee training and engagement programs, risk assessments and improved reporting resulted in our Lost Time Injury Frequency rate remaining low.

We also accelerated the SunRice Group external certification program, which resulted in the achievement of Occupational Health and Safety Management Systems AS/NZS 4801 certification at five sites; Leeton Mill, Speciality Rice Foods Group, CopRice Leeton, Tongala and Cobden. Three other business units achieved external certification, including Safety Management System AS4801 at Riviana and AGS; and OHSAS 18,001, which was achieved at our site in Aqaba.

Delivering superior quality to our customers

SunRice's efforts in global quality generated increased consumer satisfaction levels in 2012/13.

Leeton Manufacturing achieved a high level of compliance to the newly released SQF2000 Food Safety Standards, and all of our domestic and international operations gained re-certification of the internationally accepted HACCP Food Safety Program.

Our adoption of the AIB Consolidated Food Safety Standard continues to drive improvements in all food safety and quality programs within our international operations — Trukai, SunFoods and APC — which achieved their highest AIB audit scores since the program was implemented.

“A strong SunRice is important to the success of our family business.”

Conargo rice growers Hayley Purbrick and Lachlan Bull, with baby Alby

Our Growers

The largest rice planting in a decade took place in 2012/13, as growers approached the season with a sense of guarded optimism on the back of good water availability.

Two good rice crops in previous seasons and a positive result for winter cereals paved the way for ongoing recovery from drought for our growers and our communities in 2012/13.

For the first time since the mid-1990s, a high water allocation at the commencement of the season combined with considerable carry-over water allowed our growers to undertake a major summer crop program. A large rice planting took place, resulting in a C13 1,161,104 tonne harvest.

Full drought recovery will require several more good seasons and a commitment from Federal and State Governments to implement the Murray Darling Basin Plan through water recovery programs underpinned by infrastructure investment, rather than water buyback.

Largest rice planting since 2002

Prior to planting, growers were advised of significant changes in market demand for specialty varieties Koshihikari, Opus and Kyeema. We also indicated that given the large crop year, SunRice required significantly more of our premium medium grain variety Reiziq, than Sherpa. Growers responded well to our price signals, planting the right mix of varieties for our needs and meeting our target production levels.

Overall, a crop of 113,500 hectares was planted. The majority of sowing took place at the recommended time, demonstrating how important early water allocation announcements are to planning and implementation of best management practice.

A favourable growing season with some challenges

The growing season began with average and variable weather conditions but dry, hot conditions in the early part of 2013 resulted in excellent yield potential.

A larger percentage of the crop was drill sown, particularly in the Murray Valley, after major duck damage occurred to aerial sown crops the previous year.

During the establishment period, the average weather conditions posed a challenge for many first-time drill sowers and although duck numbers were lower than the previous season, many aerial sown crops were again damaged by ducks. Other birds such as black-tailed native hens and bald coots caused further damage later in the season.

During January, above average maximum temperatures and high solar radiation conditions produced an excellent growing environment. A brief period of low minimum temperatures later in the month caused concern but most crops escaped sterility damage.

Left: Barham rice grower Michael Chalmers using the new harvest information app. Above: Steve Chalmers harvesting at Barham. Right: C13 rice harvest in progress.

Above average temperatures prevailed throughout the remainder of the season and well into the harvest period. This locked in the potential for above average paddock yields but created a number of issues, including high evapotranspirational demand and higher rice water use as a result. There were short periods when water supply could not meet demand in some regions and small areas of rice were lost.

Harvest produces high paddock yields

Harvest planning indicated the 2012/13 crop size would exceed the capacity of AGS aerated storages, and arrangements were made to dry and outload the additional paddy to outside storages. High yields and favourable harvest weather resulted in a challenging receival period which was managed as efficiently as possible.

By the end of harvest, 1,161,104 tonnes of paddy had been delivered – exceeding last year's strong crop of 963,074 tonnes. Yields were at a near record level of 10.2 tonnes per hectare (all regions/all varieties).

Investing in technology

Without good communication with our growers, the harvest period would have been even more challenging. Prior to harvest, Grower Services and AGS developed and released a harvest information app for smartphones and PCs. It enabled growers to receive vital information about AGS receival depot operations regardless of whether they were in the header, truck, or the farm office. The service was well utilised by growers, with over 7,000 hits from the commencement of harvest to mid-May.

Geographic Information System (GIS) in development

Grower Services is well advanced in the development of a GIS system that will be available to growers for the 2013/14 crop.

When complete, farmers will be able to view an image of their farm/s and spatially locate the paddock/s in which they're growing rice and other crops. Information about crop management can be included for each paddock, providing a crop record keeping system for growers and SunRice; data that is currently gathered manually through the Grower Crop Survey and Ricecheck.

The web-based system will be an invaluable tool for SunRice, AGS and our growers. The GIS will be part of a SunRice information portal; an important component of the new rice extension model being implemented in the wake of changes to the NSW DPI's extension services.

Jonathan Vani,
Trukai Industries,
– Papua New Guinea

"Subsidiary companies like Trukai are an important part of SunRice's strategy for growth."


Roots Rice
1 kg Net

Our Subsidiaries – Trukai Industries

Trukai increased its sales volumes in Papua New Guinea in 2012/13, due to a combination of customer engagement, diversified branding initiatives and promotional activities tailored to a price sensitive market.

Despite softening market conditions, Trukai Industries delivered a record year in 2012/13; achieving a substantial increase on last year's sales volumes and a six percentage point increase in market share. These results were delivered in a challenging environment, in which our focus on competitive pricing, quality and customer engagement proved successful. Targeted programs to consolidate and protect our market share will be a significant focus for 2013/14.

Marketing success

Trukai's positioning as a truly PNG brand in 2011/12 supported our volume growth and reputation in 2012/13. The use of the Pidgin term "Bilong Yumi", which means "Our Rice", on packet, in communication materials and consumer campaigns continued to have a positive effect on brand loyalty.

The involvement of local sporting codes and elite athletes to promote our brands also proved successful. In particular, NRL North Queensland players Matthew Bowen and Jonathan Thurston's coaching clinics and health initiatives in the region were very popular.

The North Queensland Cowboys wear the Trukai logo on their shorts, reinforcing the relationship between Australia and PNG at a grass roots level for our consumers, as well as the connection between Trukai, sport and health.

Investing in our community

Trukai remains a major employer in PNG and is recognised as one of the country's most significant corporate supporters of sports and health initiatives.

In 2012/13 we continued to partner a range of charities, schools, sports and health organisations. Significantly, we celebrated our 14th year as major sponsor of the Trukai Fun Run – the largest event of its kind in the Pacific. More than 67,000 people came together to raise funds for PNG athletes, while also raising awareness of health-related issues, including HIV/AIDS and Tuberculosis.

Trukai also continued to promote and develop the agriculture sector in PNG by investing in research and trial programs, and providing expertise and training for those involved in the industry.

Strengthening our operations

Trukai's Lae plant exceeded its targets in 2012/13 in the areas of Safety, Health and the Environment (SHE), quality, and operations, and has continued its ranking as one of the best sites in the SunRice Group.

We are committed to a structured leadership program which seeks to provide further operational improvements, and held onsite Certificate IV training for 19 participants in 2012/13. We will continue to develop the skills of our staff in the year ahead by offering an onsite Diploma in Management.

A stronger future

On the back of excellent leadership, strong customer engagement and the development of our branding, Trukai remains PNG's leading rice supplier.

Following this year's growth, we are focused on consolidating our market position in 2013/14. We will be enhancing consumer engagement at all levels of the community, including implementing a program to drive volume into the regions of PNG that are not currently serviced by our distributor network.

Our Subsidiaries – Riviana Foods

Unprecedented competition in the retail and foodservice divisions, and rising operational costs, placed significant pressure on Riviana Foods in 2012/13. Despite these challenges, investment and innovation has ensured continued growth within key sectors of our business portfolio.

A combination of major new product development and aggressive growth strategies underpinned our Riviana Foodservice business's tenth consecutive year of record revenue in 2012/13. This was complemented by Always Fresh's record brand share and significant expansion in the retail sector. However both divisions experienced increasing competition on a number of fronts, affecting margins across the board.

Retail leadership

Riviana's Always Fresh brand expanded its gourmet food portfolio in 2012/13, increasing its market-leading position with a 47.5% share of the Pickled Vegetables category. This result was driven by proactive category management with retailer Woolworths, including brand blocking on shelf and the launch of 28 new Always Fresh products in the category.

In response to consumer insights research, we held two major product launches in 2012/13; a range of high quality gourmet foods in the Always Fresh Artisan Collection; and a new range of Always Fresh Greek Dips. Other categories also benefited from new product development.

Targeted media and advertising activities in 2012/13 focused on the Always Fresh Facebook page, and trialling product samples at food events, shopping centres and Woolworths stores.

These initiatives were undertaken in the face of immense pressure from private label brands, which created difficulties in maintaining Riviana's on-shelf presence. Growing competition resulted in some product deletions, and eroded market share and profit margins in some categories.

Foodservice growth

2012/13 marked the tenth consecutive year of record revenue for our Foodservice business. Major products launched over the past year included Garden Supreme Frozen Vegetables and Riviana Breakfast Cereals.

Our Foodservice business was forced to defend market share against new and aggressive competition from distributors during the year. To combat this, we secured new tenders and contracts with distributors, franchises and Quick Service Restaurants, helping to raise the profile of our company.

Our operations and outlook

Rising operational expenses were challenging for Riviana Foods during 2012/13; largely attributable to increased costs in utilities and transport.

Our Supply Chain team had a successful year in dealing with the increasingly complex task of procuring, transporting and warehousing products across multiple channels.

The installation of new bottling equipment at our Wacol site further increased throughput in our vinegar production line. We also achieved AS/NZ4801 certification in December 2012 – almost 12 months earlier than the scheduled completion date.

Competition across the FMCG industry is likely to continue providing an increasingly volatile market in 2013/14, however our culture of collaboration, leadership and innovation will contribute to our success.

Our Subsidiaries – SunFoods

Following significant expansion of our HINODE brand in the U.S. last year, SunFoods was challenged by a difficult retail and industry environment in 2012/13.

The return of strong Australian crops, while fortunate for the Group, created challenges for SunFoods in 2012/13.

Over the past 12 months SunFoods has aggressively entered low value-add bulk export markets to replace large intercompany volumes which were generated for SunRice's consumer markets during the drought.

The lifting of Egypt's export ban and the increase in Australian rice exports both contributed to a dynamic trading environment. There was forceful bidding out of the U.S. to secure incremental export volumes in some markets.

Shelf space in the domestic market was also hard fought in 2012/13, creating a complex environment for new product ranging and margins.

Supporting a growing product range

Despite these challenges, incremental HINODE product ranging delivered year-on-year retail volume growth of 12% in the U.S. market and 6% in core Hawaiian sales.

This was supported by the launch of a new HINODE Family Size Microwave Rice range and a specialty Sprouted Brown Rice, bringing further innovation and product differentiation to consumers and retailers. The products were ranged in Safeway, Walmart and other outlets, following our expansion of the HINODE brand via U.S. retailers last year.

SunFoods also hosted its first Harvest Event in 2012/13, showcasing Californian-grown rice to media contacts, food bloggers and local chefs to build on HINODE brand awareness.

The event included tours of rice production, a catered tasting menu with local Central Valley products, and a local harvest market. SunFoods growers were on hand to support the festival and assist with media engagement. The event received extensive coverage and was successful in generating strong promotion for the HINODE brand in addition to our existing media channels.

Investing in our operations

Safety continues to be a strong achievement for SunFoods, with just one Lost Time Injury incurred in the last two years. Our employees' commitment to safety has resulted in continued and improved plant performance and an 85% reduction in injury related costs.

Investment in SunFoods' operations also delivered increased conversion cost efficiencies in 2012/13. A robotic case packer and palletiser system were installed, which reduced labour costs per unit and reduced maintenance expenses and downtime while simultaneously increasing production throughput.

Our outlook

SunFoods is focused on making further progress in its markets during 2013/14, including leveraging recent consumer research to deliver improved brand positioning, sales velocity and volume growth. Additional market segments will be aggressively pursued to complement SunFoods' existing export and domestic rice business.

CopRice

2012/13 marked another year of strong revenue and increased market share for CopRice, on the back of our brand performing well both domestically and in international markets.

CopRice maintained its impressive increase in sales volumes in 2012/13, retaining significant market share across its specialty and bulk sales divisions in the face of difficult conditions in the dairy industry.

Our focus on quality and customer service also resulted in CopRice being recognised as a top supplier of animal nutrition.

Specialty sales growth

CopRice's specialty packaged goods sustained their growth in Australia in 2012/13, recording a 14% increase in sales volumes and continuing to attract greater market share in New Zealand. New product ranges launched last year, including poultry, dairy, beef and sheep ranges, produced exceptional results and supported growth in this sector.

Our "Lucky Layer" branded pellets for poultry outperformed all expectations. Following the product's launch in late 2011, Lucky Layer has achieved 217% growth within the Agri and Pet Specialty retail channels over the past 12 months.

CopRice's success in speciality sales was highlighted by its award win at the Australian Independent Rural Retails (AIRR) Conference this year. We were named Supplier of the Year for Animal Nutrition, taking the top prize over major global competitors. The award was judged on sales representation, customer support, excellence in service and business growth.

Bulk sales performance

CopRice recorded 6% growth in bulk sales in 2012/13 and delivered another profitable result. This outcome was achieved despite a downturn in conditions in the dairy industry due to low milk prices and high input costs. We have continued to work with customers during this difficult period and all CopRice mills operated at full capacity, delivering a positive result for our stockfeed division and our customers.

CopRice's focus on on-farm nutritional services also yielded excellent results for our customers. Further work on improving our supply chain and associated resources took place in 2012/13, delivering long-term benefits for the business.

Innovation and operational excellence

CopRice continues to perform well in the area of operational excellence.

Leeton Mill has been free of Lost Time Injuries for a period of four years, and we recorded the lowest Lost Time Injury level across our entire CopRice operations in 2012/13. All three sites also achieved AS4801 Certification.

CopRice maintained its commitment to a high level of quality in both bulk and speciality products and, at year end, a major upgrade of the extrusion plant at our specialty division in Leeton was underway to deliver capacity improvements.

CopRice people

Our CopRice people have managed to uphold the highest levels of quality, safety and service during an extremely busy three years of volume growth in the stockfeed industry.

The professionalism and dedication of our team has been recognised by the Australian Independent Rural Retailers group, with our award win pointing to CopRice's efforts to lead the way in nutrition, quality and safety.

"Our regional communities rely on the economic benefits the rice industry and SunRice provide."

Nick Morona,
RGA Deniliquin
Branch President

Our Community and Environment

In 2012/13 SunRice demonstrated its ongoing support for the communities in which we operate, both in Australia and overseas, undertaking a range of sponsorship opportunities and providing assistance to charities and organisations.

As Australian rice has returned to the world, we have been pleased to sponsor a growing number of events, promotions and sporting initiatives, and remain committed to the provision of aid and supporting communities in need.

At the same time, we have strengthened our environmental stewardship and the development of sustainable packaging and recycling options.

Providing aid in times of need

In 2012/13 SunRice and Riviana continued to provide support and products to FoodBank Australia, which in turn supplied a range of welfare agencies and charities. Our subsidiaries also distributed rice products and financial support to international communities in need, with SunFoods assisting a number of food banks in the U.S.

Supporting our Riverina rice growing regions

In 2012/13 we were pleased to host a Coleambally Mill Open Day following the recommissioning of the facility, which offered an opportunity for people to see our milling operations first-hand. To coincide with this event, SunRice joined art group the Cad Factory in launching a Coleambally rice-focused art installation. The joint project is one of a kind and will involve Japanese artists — building on the valued partnership between SunRice and Japan.

We have continued our sponsorship of the SunRice Family Centre at the Deniliquin Ute Muster and supported the Deni Innovation Expo highlighting agricultural innovation, services and technologies. We also assisted the Deniliquin High School Cook-Off; and Taste Coleambally, where our rice was showcased at the event's 50 Mile Meal.

SunRice was pleased to see the rice industry return to the Sydney Royal Easter Show Food Farm Pavilion in 2013, with the Ricegrowers' Association of Australia creating an interactive and educational display for children. We were able to provide support for this initiative, as well as the RGA's 2012 Annual Conference held in Hay.

The Murrumbidgee Irrigation Area also marked its 100th anniversary in 2012 and SunRice provided sponsorship for a number of projects, helping to fund a memorial to irrigation pioneer, Sir Samuel McCaughey.

Far Left: Deniliquin High School Cook-Off participants. Left: Former Member for Riverina Kay Hull at the MIA Centenary of Irrigation celebrations.
Above: RGA rice exhibit at the Sydney Royal Easter Show. Right: Memorial to Sir Samuel McCaughey.

Leeton's 50th Annual Eisteddford; the historical DVD 'Leeton – the formative years'; the Pretty Pines Father's Day Festival; and the Griffith Open Tennis Tournament also received SunRice support.

Global activities

In Papua New Guinea, Trukai Industries carried out important programs with charities, schools, sports and health organisations.

In the U.S., SunFoods assisted high school students to attend the California Association of Student Leaders Conference; and the Solomon Islands Rice Company sponsored a major cultural event, the Festival of Pacific Arts.

CopRice sponsorships

Two CopRice-sponsored equine riders headed to the London Olympics in 2012, displaying impressive performances in the arena. Australian show jumper Julia Hargreaves made her Olympic debut; and New Zealand dressage star Louisa Hill also competed in the event.

Dual Olympian and gold medal event rider Stuart Tinney joined us for Equitana Melbourne – the largest equine event of its kind in the Southern Hemisphere — where we promoted our entire horse feed range.

CopRice sponsored a range of events and organisations in 2012/13, including the Tasmanian Working Sheep Dog Association; RSPCA; Australian Sheep Dog Association – Supreme Championship; National Yard Dog Trials; Auckland Easter Show; and Equestrian Interschools NSW. Health groups including the Immune Deficiencies Foundation of Australia and The Royal Melbourne Hospital – Dialysis Support Group also received CopRice support.

CopRice sites in each town continue to have a strong involvement in their communities, sponsoring many local sporting and community groups.

Caring for our environment

SunRice achieved important milestones in environmental protection and sustainability initiatives across the Group in 2012/13.

Leeton Manufacturing underwent a successful Sedex Members Ethical Trade Audit (SMETA), which included a review of environmental management practices at the mill.

In 2012/13 SunRice submitted the first Action Plan Report on the progress of our Five Year Action Plan; a signatory requirement of the Australian Packaging Covenant (APC). SunRice has an ongoing commitment to the implementation of Sustainable Packaging Guidelines for all new products, and to reviewing existing product packaging applying the same guidelines, where applicable.

The APC Action Plan activities have resulted in greater emphasis on product stewardship outcomes and a partnership between SunRice and recycling organisation, the Red Group. This initiative will provide opportunities for consumers to recycle flexible packaging that otherwise would end up in landfill.

SunRice also submitted its National Greenhouse and Energy Report for 2011/2012 in compliance with the NGER Act 2007 and commenced registration for the EEO (Energy Efficiency Opportunities) program with the Australian Department of Resources, Energy and Tourism.

Kellie Close, Safety Health Environment and Quality (SHEQ) Co-ordinator, AGS

“We’re building a high performance culture across every function, division and business in the SunRice Group.”

Our People and Performance

We invested in our people and the development of a high performance culture in 2012/13, to support growth in all of our markets through efficiency, innovation and collaboration.

SunRice's People and Culture division underwent a name change in 2012/13 in line with our emphasis on building a high performance culture.

We commenced a program to establish High Performance Teams to allow employees to work collaboratively across all functions and subsidiaries, and to maximise our return on investment for growth.

In addition, People and Performance took on responsibility for the new Program Management Office, involving the co-ordination of SunRice's Group Strategy, internal consulting and project management.

Investing for growth

In 2012/13 the People and Performance team supported SunRice's re-investment in its capability and capacity post-drought, contributing to the company's strong performance and establishing a platform for growth in future years.

This included partnering the Operations Group in reopening the Coleambally Mill to increase our export capacity, and the implementation of a productivity program across our mills, processing plants and logistics assets to increase flexibility and reduce costs.

In 2012/13 the Project Management Office introduced a consistent group-wide approach to how we identify and pursue key business improvements and growth opportunities. It also co-ordinated the strategic planning process for each Business Unit in the SunRice Group; worked to accelerate the delivery of a range of key projects across the business; and improved organisational capability in project management and planning.

A global workforce

Our staffing levels remained high at SunRice locations across the globe during 2012/13.

The SunRice Group currently employs more than 2,100 people in locations throughout Australia, the U.S., the Middle East, Japan, the Solomon Islands and Papua New Guinea.

Trukai Industries Limited in Papua New Guinea continues to be the SunRice Group's largest employer with more than 900 staff; and our Australian workforce, including Riviana Foods, CopRice, AGS and SunRice, employs approximately 1,200 people during peak times. In 2012/13 this included more than 200 seasonal employees for harvest. Employees are also based off-shore with SunFoods, Solrice and Aqaba Processing Company (APC).

Left: Corporate Administrator Joelle Lenehan. Above: Leeton Mill Electrician Ben Fischer. Right: CopRice Leeton Packing Hand Liv Farlow.

In 2012/13, a number of strategic appointments were made at a senior level, including a Chief Financial Officer at SunFoods and new incoming SunRice General Managers in Operations and People and Performance.

Organisational culture

The implementation of our High Performance Organisation initiative in 2012/13 raised the bar on accountability at all levels and empowered employees to work in cross functional teams to deliver the best outcome for the SunRice Group.

Our focus on establishing a culture to deliver growth from ongoing investment requires us to consider the whole business when making key decisions. We began this initiative with our Corporate Management and Senior Leadership Teams and will continue to roll-out this program in 2013/14.

We also delivered a 'Constructive Conversations' program for our operations workforce in 2012/13, to build skills in team work, collaboration and conflict resolution. This supported employee participation in improving key performance indicators such as productivity, quality and safety.

Recognising our employees

We recognised 14 long-serving SunRice employees during the year, some of whom have been with the company for 40 years.

Paul Robinson is Appraisals Co-ordinator with AGS and says the variation in work and people he has met over the four decades have kept him at SunRice.

Attracting and retaining employees

By undertaking a major employee branding project during 2012/13, we sought to identify why employees join and stay with our company.

The research identified three key areas that set SunRice apart from other employers: our efforts to meet and overcome challenges; our belief in our products; and our ability to look to the future.

These elements will form part of SunRice's Employee Value Proposition and underpin the development of a new employment brand – Embrace the Challenge. Make a Difference – to target potential employees in the coming year.

In 2012/13, we also commenced a strategic review of our Remuneration and Benefits to ensure our programs enable us to reward high performance at all levels and retain skills and experience in the business to deliver strong results. As part of this review, we are establishing a Global Mobility Policy and Framework to help attract the right talent in different parts of the world to support the growth aspirations of the SunRice Group.

Board of Directors

Gerry Lawson AM
LDA MAICD

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committees: Member, Remuneration. Chairman, Riviana Foods Pty Ltd; SunFoods LLC (USA). Director, Silica Resources Pty Ltd; SunRice Trading Pty Ltd; SunRice Australia Pty Ltd; Australian Grain Storage Pty Ltd; SunArise Insurance Company Limited; Aqaba Processing Company Ltd (Jordan); Sunshine Rice Inc. (USA). Member of the Rice Marketing Board for the State of NSW. SunRice representative to the Ricegrowers' Association of Australia Inc.

Mark Robertson
MAICD

Berriquin rice grower. Director since 1996. Deputy Chairman since 2001. Directors' Committees: Member, Remuneration, Finance and Audit. Chairman, Trukai Industries Ltd (PNG). Director, Solomons Rice Company Ltd (Solomon Islands); Australian Grain Storage Pty Ltd; SunRice Australia Pty Ltd; SunRice Trading Pty Ltd; SunFoods LLC (USA). Director, Murray Irrigation Ltd. Member, Rice Industry Co-ordination Committee.

Noel Graham
FAICD

Caldwell rice grower. Director since 2001. Directors' Committees: Member, Finance and Audit. Chairman, Solomons Rice Company Ltd (Solomon Islands). Member, Rice Marketing Board for the State of NSW. Rice Marketing Board representative to Ricegrowers' Association of Australia Inc. Chairman, Murray Irrigation Limited.

Peter M Margin
MBA BSc (Hons)

Director since 2012. Directors' Committees: Member, Finance and Audit, Remuneration. Non-Executive Director, Bega Cheese Limited; Nufarm Limited; PMP Limited. Former: Chief Executive Officer, Goodman Fielder Limited; National Foods Ltd.

Glen Andreazza

AdvDipAgr FAICD

Willbriggie rice grower. Director since 2011. Directors' Committees: Member, Grower Services. Director, Rice Research Australia Pty Ltd. Mirrool Branch President and Delegate, Ricegrowers' Association of Australia Inc.

Laurie Arthur

BAgSc GAICD

Moulamein and Barham rice grower. Director since 2007. Directors' Committees: Member, Finance and Audit, Grower Services. Director, Riviana Foods Pty Ltd; Trukai Industries Ltd (PNG). Former President, Ricegrowers' Association of Australia Inc.

Rob Gordon

BSc (Hons) CEng

Director since 2012. Director, Riviana Foods Pty Ltd; Aqaba Processing Company Ltd (Jordan); Sunshine Rice Inc. (USA); Trukai Industries Ltd (PNG); SunFoods LLC (USA). Governor, World Wildlife Fund. Member, Agribusiness Advisory Board, Rabobank. Former: Director and Deputy Chair, Australian Food and Grocery Council; Director, Dairy Farmers Ltd; Director, Bread Research Institute of Australia Ltd; Advisory Board Member, Gresham Private Equity.

Gillian Kirkup

MAICD

Yanco rice grower. Director since 2005. Directors' Committees: Chairman, Grower Services. Director, Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Member, RIRDC Rice Research and Development Committee; Chairman, Murrumbidgee Irrigation Ltd. Member, NSW Agricultural Consultative Committee to the Bureau of Metrology.

Grant F Latta AM

MBA BBus FAICD FAIM FAMI CPA

Director since 1999. Director's Committees: Chairman, Remuneration, Nominations, and Finance and Audit.

Executive Chairman, GCM Corp Pty Ltd. Chairman, Australian Capital Strategies. Director, Coleambally Irrigation Co-operative Limited; McWilliam's Wines Group Ltd; Sealy Australia; Regional Australia Institute. Member, Australian Competition Tribunal (Fedral Court).

Alan Walsh

FAICD

Berriquin and Coleambally rice grower. Director since 2000. Directors' Committees: Member, Grower Services. Director, Riviana Foods Pty Ltd. Chairman, Rice Research Australia Pty Ltd. Member, RIRDC Rice Research and Development Committee. Delegate, Deniliquin Branch Central Executive, Ricegrowers' Association of Australia Inc. Chairman, Irrigation Research and Extension Committee. Delegate, Rice Industry Co-ordination Committee.

Corporate Management Team

Rob Gordon
BSc (Hons) CEng
Chief Executive Officer

Joined SunRice in February 2012 as CEO. Rob has more than 25 years of senior strategic experience, including President South-East Asia and Senior Vice President of Viterra Inc, CEO and Managing Director of Dairy Farmers Ltd, and has held senior executive positions with Goodman Fielder and Unilever. Director of Riviana Foods Pty Ltd; Trukai Industries Ltd (PNG); Aqaba Processing Company Ltd (Jordan); Sunshine Rice Inc. (USA); SunFoods LLC (USA). Governor, World Wildlife Fund. Member, Agribusiness Advisory Board, Rabobank.

Brad Hingle
Chief Financial Officer

Joined SunRice in 1999 as Financial Controller and was appointed General Manager, Finance in 2006, and Chief Financial Officer in 2009. Brad has studied Cost and Management Accounting. Prior to joining SunRice, he held finance and management positions at Deloitte Consulting Australia, Dunlop Tyres (South Africa) and Mondi Ltd (South Africa). Director, SunArise Insurance Company.

Mike Hedditch
BScAgr DipEd ACI
General Manager, Grower Services

Joined SunRice in 1999 as General Manager, Grower Services. Mike has extensive experience in agricultural technology, policy development, communication and government relations. Before joining SunRice, he was Executive Director of the Ricegrowers' Association of Australia Inc. for a 13-year term, and prior to that worked as a District Agronomist with NSW Agriculture. Director, Rice Research Australia Pty Ltd.

David Keldie
BA
General Manager, Consumer Markets

Joined SunRice in 2001 and was appointed General Manager, Consumer Markets in 2005. David is responsible for the Middle East, Asia, the Pacific and Australia / New Zealand, as well as New Product Development, and the Aqaba processing facility in Jordan. David is involved with the Sales and Marketing teams at SunFoods (USA) and Trukai (PNG), and assists with their growth strategies and provides business development support. David has 25 years' experience in the FMCG industry. Director, Aqaba Processing Company Ltd. Director, Trukai Industries Ltd (PNG).

Milton Bazley

BAppSc BBus DipExMan

General Manager, International Commodity

Joined SunRice in 1994 as Regional Export Manager and became General Manager, Global Commodity in 2002. Milton is responsible for sales to unbranded markets including Japan, South Korea, Taiwan, Papua New Guinea, Solomon Islands and Turkey, as well as SunRice's foreign rice trading operations. He has over 20 years' experience in bulk commodity-type sales, and has previously held marketing management roles with CSR Ltd and P&O Container Lines. Director, Solomons Rice Company Ltd.

Jo Blackwell

BBus MBA

General Manager, People and Performance

Joined SunRice in September 2012 as General Manager, People and Performance. Jo has held senior leadership roles across a broad range of industries including Manufacturing and FMCG, and has more than 20 years' experience in HR management. Most recently, Jo held the position of HR Director within the Baking Division at Goodman Fielder leading the HR function across Australia and New Zealand. She has previously worked for Orica, Qantas and AMP across Asia Pacific and started her career at Ford Motor Company in 1992.

Mandy Del Gigante

BComm CPA

Company Secretary

First joined SunRice in 1990 as a Financial Accountant and held a range of positions within the business including Financial Controller and Company Secretary. Following three years as Secretary of the Rice Marketing Board for the State of New South Wales, Mandy returned to SunRice in 2005. Prior to working in the rice industry, she worked in the commercial and chartered accounting fields for international firms.

Stephen Ray

MBA DipManagement

General Manager, Operations

Joined SunRice in September 2012 as General Manager, Operations. In his role, Stephen is responsible for driving best practice in manufacturing, supply chain, quality and safety. He has significant operations, supply chain and financial management experience. Before joining SunRice, Stephen was Operations Director at Solaris with responsibility for manufacturing plants across Australia, New Zealand and Asia. He has also held several senior positions at Nestle.

Gerard Woods

BAppSc MBA

General Manager, CopRice and AGS

Joined SunRice in November 2009 as General Manager, AGS and was appointed General Manager, CopRice in May 2010. Gerard has extensive experience in the food, agriculture and commodity risk management fields. Prior to joining SunRice, he worked for Goodman Fielder.

Subsidiary Company Heads

Matt Alonso
BSc (AgEngr) MBA
Chief Executive Officer, SunFoods LLC

Joined SunFoods LLC in 2010 as Chief Operating Officer and was appointed CEO in 2011. Matt is responsible for all aspects of the U.S. business, from raw material procurement and plant operations, to domestic sales and marketing. Matt has over 20 years' experience in the U.S. agriculture and rice industries. Before joining the SunRice Group, Matt was previously employed by Pacific International Rice Mills, an agricultural subsidiary of Anheuser-Busch Inbev. Board member, California Rice Commission; USA Rice Federation.

Marc Denovan
BBus (Acc)
Chief Executive Officer, Trukai Industries Limited

Joined Trukai in 2007 as General Manager, Finance, and appointed Chief Operating Officer in October 2009. Promoted to Chief Executive Officer in September 2010. Before joining Trukai, Marc was a Director at KPMG where he spent 11 years specialising in Business Advisory and Taxation. Member, Institute of Chartered Accountants Australia (ICAA); Certified Practicing Accountants (CPA) Papua New Guinea. Deputy Chairman, Manufacturers Council of Papua New Guinea. Director, Rural Industries Council.

John Lloyd
FAIDC
Chief Executive Officer, Riviana Foods Pty Ltd

Joined SunRice in 1993 upon the Group's acquisition of Riviana Australia Pty Ltd. John has more than 40 years' experience in FMCG senior management roles in sales, marketing and supply chain, and was Australian Director of Operations for the New Zealand Dairy Board prior to managing the divestiture of Riviana to SunRice. Director, Riviana Foods Pty Ltd. Former: Managing Director, Dairy Enterprises Pty Ltd; Director, Riviana Australia Pty Ltd.

Corporate Governance Statement

Role of the Board

The Board is responsible for the governance of the company, and oversees its operational and financial performance. It sets strategic direction, establishes goals for management and assesses the achievement of those goals, determines the appropriate risk profile and monitors compliance, in terms of regulatory and ethical standards.

The Board has adopted formal written charters detailing the roles and responsibilities of the Board, and each Committee, and management through the Chief Executive Officer, to ensure these roles are clearly defined, separated and enable an effective process of evaluation.

Corporate governance is of vital importance to the company, and is undertaken with due regard to all the company's stakeholders.

Although the company is not listed on the ASX, the Board has taken the view that the company should, to the extent possible, comply with the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (ASX Principles). The following sections summarise the main corporate governance practices of the company and identify the extent to which those practices do not comply with the ASX Principles.

Composition of the Board

The Board's composition is determined by the company's constitution and has been established as four Directors who are A Class Shareholders, three elected members of the Rice Marketing Board (who are also A Class Shareholders), and up to three Directors who are persons with appropriate experience to be appointed as a Director (one of whom may be an employee of the company).

Within the constraints of the company's constitution, the company aims to achieve a mix of rice industry, finance and business skills among the Directors.

Elections are held for the four Directors, who are A Class Shareholders, every four years (or such other period as the A Class Shareholders may determine concluding at the end of the annual general meeting in the last year of their term of office). A retiring Director is eligible for re-election.

Prior to the election of any Director, candidate information, with appropriate detail to support an informed decision, is provided to shareholders.

The three elected members of the Rice Marketing Board are appointed to the Board on their election to the Rice Marketing Board. This appointment is confirmed by shareholders at the next Annual General Meeting of the company for the period of their term on the Rice Marketing Board, which is currently four years.

The procedure for the selection and appointment of new directors and the re-election of incumbent directors, and the Board's policy for the nomination and appointment of directors, is available on the company's website, in the Nomination Committee Charter.

The independence, relevant skills, experience and expertise held by each Director in office at the date of the Annual Report, are provided in the Annual Report section titled "Board of Directors".

Independence of Directors

The company's independent Directors are Grant F Latta and Peter Margin.

The Board considers a Director to be independent only where they are independent of management (i.e. non executive Director) and free of any business or other relationship or interest that could materially interfere with, or could reasonably be perceived to materially interfere with, their ability to independently exercise their judgement. The Board has not set materiality thresholds, considering it more effective to assess relationships on the individual circumstances applicable on a case-by-case basis, and where appropriate with the assistance of external advice.

The Board regularly reviews the independence of each non-executive Director. Each non-executive Director is required to provide to the Board all information that may be relevant to this assessment. In addition, all Directors are required to disclose to the Board any conflicts of interest or duty and any material personal interest in any matter that relates to the affairs of the company.

Directors who are A Class Shareholders supply rice to the company on the same terms as other rice suppliers, and the company's procedures and systems ensure that the Paddy Price is set according to the commercial interests and needs of the company.

However, the Board recognises that there may be a perception that the rice supply relationship between the company and these Directors may influence the decision-making of these Directors. Accordingly, while they are able to bring an independent judgement to bear on Board decisions, the seven Directors who are A Class Shareholders have not been characterised as independent due to this potential perception concern. This means that contrary to Recommendation 2.1 and 2.2 of the ASX Principles, the Board does not have a majority of independent Directors nor an independent Chairman.

Board Operations

Board Meetings are structured to review the company's strategy and to provide the Board with an overview of the company's performance by monthly analysis of financial and operating results and an evaluation of performance against targets and forecasts.

Directors also read and analyse reports and receive regular presentations and briefings from management on key issues. Senior management routinely attend Board and Committee meetings to report on particular matters. Board members also attend site visits to the company's operations.

Particulars of each Director's Board Meeting attendance for the past 12 months are included in the Directors' Report of the company's Annual Report.

Director Performance Evaluation

During the reporting period a detailed evaluation of the performance of the Board, the Committees and the Directors was conducted. This evaluation involved each Director completing a questionnaire and interview with the results being considered with the Board and with each individual Director. The Chairman also met with each individual Director to discuss the review and the Director's own performance.

Matters covered in the review included the role and performance of the Board and its Committees, Directors' understanding of SunRice's long-term objectives and key risks to the business and achievement of those objectives, succession planning and the effectiveness of the Chairman in leading the Board.

Senior Executives Performance Evaluation

The company has established processes for evaluating the performance of its senior executives. In summary, each senior executive is evaluated against the achievement of pre-agreed performance objectives. The evaluation process is conducted annually and is followed by the determination of appropriate remuneration of the relevant senior executive.

Detailed information regarding the company's remuneration practices is provided in the Remuneration Report.

An evaluation of senior executives has taken place during the reporting period in accordance with the processes described above.

Access to Information

The Board's policy is to enable Directors to seek independent professional advice at the company's expense, after first discussing such intentions with the Chairman. The Chairman determines if the estimated cost is reasonable, but without impeding the seeking of advice. In the case of Chairman related issues, reference is made to the Deputy Chairman.

All Directors have access to the Company Secretary. The Company Secretary has accountability to the Board, through the Chairman, on all governance matters including compliance with applicable statutes and regulations.

Finance and Audit Committee

The role of the Finance and Audit Committee is to provide the Board with additional assurance regarding the quality and reliability of both the financial information prepared for the Board, and the internal control and risk management systems of the company.

The conduct, objectives and proceedings of this Committee are governed by a Charter approved by the Board. All members of the Committee must be non executive Directors and the Chairman of the Board cannot be the Chairman of the Committee. The Chief Executive Officer, the Chief Financial Officer and representatives of the internal auditor and external auditor are invited to attend the meetings.

The Committee meets regularly with the internal and external auditors, without senior management, to review the scope and adequacy of their work and to consider the implementation of recommendations from the audit processes.

The Chief Executive Officer and the Chief Financial Officer annually declare, in writing to the Board, that the company's financial reports present a true and fair view, in all material respects, of the company's financial position and operational results are in accordance with the relevant accounting standards.

The Committee conducts a formal assessment of the external auditor's performance annually and reports the outcome to the Board. The Committee also meets with the external auditor to discuss audit planning matters, statutory reporting and, as required, for any special reviews or investigations deemed necessary by the Board. The company's external auditor has a policy for the rotation of lead audit partners.

The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence. A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance and Audit Committee. A copy of the company's Corporate Policy on Audit Services by the External Audit Firm is available on the company's website.

The Committee is also responsible for the internal audit program of the company, which is totally independent of the external audit function. The Committee reviews and monitors the program and reviews internal audit reports. The internal audit function has been outsourced to KPMG for a period of three years at which time the appointment will be reviewed.

Currently, the membership of the Committee is comprised of two independent Directors and three non-independent Directors.

An independent Director is the Chairman of the Committee.

The composition of the Finance and Audit Committee does not comply with Recommendation 4.2 of the ASX Principles to the extent that it recommends that an audit committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

The qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Grower Services Committee

The role of the Grower Services Committee is to optimise the interdependent relationship between the company and rice growers to achieve alignment and integration of activities and business plans.

The Committee reviews and makes recommendations to the Board on policies in relation to on farm production of rice and services to growers.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

The names and qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Remuneration Committee

The role of the Remuneration Committee is to review and make recommendations to the Board on the company's approach to remuneration and related matters to recognise and reward performance. The Committee also specifically considers the packages and policies applicable to Directors, the Chief Executive Officer and senior management and serves a role in the evaluation of the performance of the Chief Executive Officer.

Remuneration policies are competitively set to attract and retain qualified and experienced employees. The Committee obtains independent advice on remuneration packages and trends in comparative companies.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors. An independent Director is the Chairman of the Committee.

The composition of the Remuneration Committee does not comply with Recommendation 8.2 of the ASX Principles to the extent that it recommends that a remuneration committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

The qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Nomination Committee

The role of the Nomination Committee is to identify the attributes that are required by the Board and to enhance those attributes, both on an ongoing basis and in the circumstances that candidates are recommended to shareholders for election to the Board. The Committee will consider the appropriate balance of skills and experience required by the Board to properly fulfil its objectives and recommend to the Board strategies for redressing any imbalances.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non executive Directors.

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors. An independent Director is the Chairman of the Committee.

The composition of the Nomination Committee does not comply with the commentary on Recommendation 2.4 of the ASX Principles to the extent that it recommends that a nomination committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

The qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Safety Health and Environment Committee

The role of the Safety Health and Environment Committee is to support the provision of robust systems to ensure that SunRice achieves and maintains its objectives in relation to Safety Health and Environment including all relevant legislation, policies and targets.

The Committee reviews and makes recommendations to the Board on policies in relation to Safety Health and Environment policies, priorities and targets.

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. The Chief Executive Officer is Chairman of the Committee.

The names and qualifications of the Committee members and their attendance at the meetings of the Committee are included in the Directors' Report of the company's Annual Report.

Remuneration Report

The Remuneration Report is included in the Directors' Report of the company's Annual Report.

Risk Management

The Board oversees the establishment, implementation and review of the company's risk management systems, which have been established by management to assess, monitor and manage operational, financial and compliance risks. The responsibility for ongoing review of risk management has been delegated to the Finance and Audit Committee who conduct formal reviews at least twice a year.

The Board's risk strategy is to minimise risk to the extent that it does not inhibit the company from pursuing its goals and objectives. The Chief Executive Officer has responsibility for the establishment and maintenance of effective risk management strategies and for the reinforcement of a risk management culture throughout the company.

Management has reported to the Finance and Audit Committee and the Board on the effectiveness of the risk management and internal control system during the year and of the company's management of its material business risks.

The company is implementing systems that will enable the Chief Executive Officer and the Chief Financial Officer to provide the declarations in accordance with S 295A of the Corporations Act that the company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board recognises the wide spectrum of risk the company faces in its daily operations and designated management functions, including treasury, taxation, information technology and internal audit work closely with operational and executive management to identify and manage business risk.

The company has established a well documented system of internal controls that take account of key business exposures. The system is designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is timely and reliable.

The internal audit function plays a key role in providing an objective and continuing assessment of the effectiveness of the company's internal control systems. It ensures information is reliable and has integrity, operations are efficient and effective, and policies and regulations are adhered to.
The internal auditor has direct access to the Finance and Audit Committee and to the Board.

The company has implemented insurance arrangements and constantly evaluates the economic balance between self insurance of risks and risk transfer.

Ethical Standards

All Directors, senior management and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

The Board has approved Codes of Conduct for Directors and employees and a Share Trading Policy.

Code of Conduct

The Board recognises the company's legal and commercial obligations to all legitimate stakeholders, and this is formally recognised in the company's Codes of Conduct which address its commitment to compliance with its legal obligations to stakeholders.

The company has established separate Codes of Conduct for Directors and employees. The Code of Conduct for employees is a detailed statement of:

- the practices required by employees to maintain confidence in the company's integrity;
- the legal obligations of employees and the reasonable expectation of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Copies of the Directors' Code of Conduct and Employees' Code of Conduct are available on the company's website.

Diversity at SunRice

The Group's diversity policy provides a framework for SunRice to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours, and improved employment and career development opportunities for women. A copy of the Diversity Policy is available on the company's website.

SunRice's diversity strategies include:

- recruiting from a diverse pool of candidates, including senior management and the Board;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take account of in recruitment and selection processes to encourage diversity; and
- establishing programs to develop a broader pool of skilled and experienced senior management and board candidates.

Within the Group's wholly owned Australian subsidiaries the proportion of women employees, women in senior executive positions and women on the Board as at 30 April 2013 is as follows:

- Proportion of women employees: 319, representing 30% of the total workforce of 1079 employees.
- Proportion of women in senior executive positions in the Group: 2, representing 20% of senior positions.
- Proportion of women on the Board: 1, representing 10% of Board members.

Trading in Company Securities

The Board has adopted a Share Trading Policy, which applies to all Directors and senior executives. The policy specifies the periods during which the purchase and sale of the securities may occur and sets out a notification procedure concerning any such transactions. A copy of the Share Trading Policy is available on the company's website.

Continuous Disclosure to the NSX

As the company's B Class Shares are quoted on the National Stock Exchange (NSX), the company complies with the continuous disclosure requirements of the NSX Listing Rules.

In particular, the NSX Listing Rules oblige the company to disclose any information that is necessary to enable an appraisal of SunRice's financial position and information that a reasonable person would expect to have a material effect on the price or value of the company's securities.

The Board has established policies and procedures that are overseen by a Disclosure Committee established to ensure that the company complies with its continuous disclosure obligations. The company's continuous disclosure policy is consistent with the ASX Principles, except that the company is obliged to comply with the disclosure provisions of the NSX Listing Rules rather than the ASX Listing Rules.

A copy of the Continuous Disclosure Policy is available on the company's website.

Communication with Shareholders

The company has a communication strategy to promote effective communication with all stakeholders, including shareholders, to assist them in making informed decisions and to encourage effective participation. Communication initiatives undertaken by the company include regular business updates, grower briefings, media announcements, and the company website (www.sunrice.com.au).

When any stakeholders are updated on material aspects of the company's operations, the information is provided to shareholders and posted on the company's website, and disclosed to the NSX. All recent company announcements, media releases, details of company meetings and annual reports are also available on the company's website.

Any other information disclosed to the NSX is posted on the company's website as soon as it is disclosed to the NSX.

All Board members and the external auditor attend the Annual General Meeting (AGM) and are available to answer questions.

Notice of the AGM, and related papers, are sent to all Shareholders at least 28 days before the meeting. Resolutions are proposed on each substantially separate issue, including in relation to the Annual Accounts and the Directors' Remuneration Report.

A copy of the Communication with Shareholders Policy is available on the company's website.

Directors' Report and Financial Report

This financial report covers the consolidated entity consisting of Ricegrowers Limited and its controlled entities. The financial report is presented in Australian currency.

Ricegrowers Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

A description of the nature of the consolidated entity's operations and its principal activities is included within the annual report and in the directors' report, which is not part of the financial report.

The financial report was authorised for issue by the directors on 27 June 2013.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2013.

1 Directors

The following persons were Directors of Ricegrowers Limited during the financial year and up to the date of this report:

GF Lawson AM
DM Robertson
G Andreazza
LJ Arthur
R Gordon
NG Graham
RA Higgins AO (Retired 24 August 2012)
GL Kirkup
GF Latta AM
PM Margin (Appointed 28 September 2012)
AD Walsh

2 Company Secretary

Mandy Del Gigante

3 Principal activities

The principal activities of Ricegrowers Limited and its controlled entities consist of receival and storage of paddy rice, milling of rice, manufacture of rice based products, marketing of rice and grocery products, research and development into the growing of rice, and the processing of rice and related products.

4 Consolidated entity result

The net profit of the Group for the period after income tax and after non-controlling interests was $32,265,000 (2012: $31,783,000).

5 Review of operations

A review of operations of the Group during the financial year and the results of those operations is included in the Annual Report to shareholders.

6 Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial period under review, not otherwise disclosed in the Annual Report.

7 Events subsequent to the balance sheet date

On 27 June 2013 the Directors declared a fully franked final dividend of 23.0 cents per share.

The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

8 Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it is likely to result in unreasonable prejudice to the Group.

9 Environmental regulation

The Group is subject to significant environmental regulation in respect of its land development, construction and manufacturing activities as set out below.

Land Development Approvals
Planning approvals are required for the development of land under the *New South Wales Environmental Planning and Assessment Act 1979* and *Victorian Environmental Protection Act 1970*. To the best of the Directors' knowledge, all activities have been undertaken in compliance with the requirements of the planning approvals.

Manufacturing
The Group holds licences and approvals for its manufacturing sites in New South Wales and Victoria. The licences require air, water and noise emissions to be maintained below specified limits and solid wastes to be removed to an appropriate disposal facility. To the best of the Directors' knowledge there have been no breaches of these licences.

Ricegrowers Limited operates an environmental management system to ensure compliance with the requirements of the *Protection of the Environment Operations Act 1997*, the *Environmentally Hazardous Chemicals Act 1985* and the *Waste Avoidance and Resource Recovery Act 2001*. Any complaints received in relation to environmental issues are investigated and actions planned and implemented to reduce the impact of Ricegrowers Limited's activities.

The Australian Packaging Covenant Action Plan report for Year 1 of the Five Year Action Plan has been submitted and accepted by the Australian Packaging Covenant.

The focus on reducing volume of packaging waste sent to landfill is being maintained where possible. The management of trade waste water is an ongoing process being undertaken at the Specialty Rice Foods Plant. This water treatment facility is functioning well and outgoing water quality continues to be monitored regularly by Ricegrowers Limited as well as Leeton Shire Council personnel.

Greenhouse gas and energy data reporting requirements
The Group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* if consumption levels exceed thresholds.

Ricegrowers Limited has assessed its Energy Usage and submitted its National Greenhouse and Energy Report to the Clean Energy Regulator. For the period 1/7/2011 to 30/6/2012, which required reporting direct and indirect emissions, the calculated emissions were 100,791 tonnes of CO_2 and consumption of 534,495 gigajoules of energy for that period.

500,000 gigajoules of usage is the threshold for the *Energy Efficiency Opportunities Act 2006* and we have now triggered that requirement. The company has been registered for the EEO and data collection has commenced for the statutory reporting and Energy Efficiency improvement process.

10 Paddy supply

The paddy supply for 2013/2014 from Australian ricegrowers has exceeded 1,149k tonnes (2012/2013 963k tonnes).

11 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2013.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,787,748
2	Burrabogie Pastoral Co Pty Ltd	2,371,086
3	Dellapool Nominees Pty Ltd	904,809
4	Germanico Super Pty Ltd	810,625
5	Indara Holdings Pty Ltd	573,784
6	Mr Alan David Walsh	492,285
7	Industry Designs Pty Ltd	467,290
8	Taurian Pty Ltd	402,529
9	Ambo Farms Pty Ltd	341,479
10	GF & SB Lawson Pty Ltd	330,139

The above table reflects the shareholdings of individual entities in their own right.

12 Directors' and company secretary qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

	Directors' interests in A and B Class shares of Ricegrowers Limited			
	2013		2012	
Director	**A Class Shares**	**B Class Shares**	**A Class Shares**	**B Class Shares**
GF Lawson AM	**1**	**330,139**	1	330,139
DM Robertson	**1**	**224,539**	1	224,539
GA Andreazza	**1**	**80,279**	1	80,279
LJ Arthur	**1**	**233,818**	1	233,818
NG Graham	**1**	**100,897**	1	100,897
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**–**	**29,838**	–	29,838
AD Walsh	**3**	**500,350**	3	500,350
Former directors				
RA Higgins AO (Retired 24 August 2012)	**–**	**–**	–	31,436

R Gordon and PM Margin do not hold any shares.

14 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee		SHE Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson AM	13	13	–	–	3	–	4	4	–	–
DM Robertson	13	13	5	5	–	–	4	4	–	–
GA Andreazza	13	13	–	–	4	4	–	–	3	3
LJ Arthur	13	13	5	5	4	4	–	–	–	–
R Gordon	13	13	5	5	4	4	–	–	3	3
NG Graham	13	13	5	5	–	–	–	–	3	3
RA Higgins AO	4	4	1	1	–	–	–	–	–	–
GL Kirkup	13	13	–	–	4	4	–	–	3	3
GF Latta AM	13	13	5	5	–	–	4	4	3	3
PM Margin	9	9	3	4	–	–	2	3	–	–
AD Walsh	13	13	–	–	4	4	–	–	–	–

In certain circumstances, Directors may be invited to attend and contribute to meetings of committees of which they are not members.

15 Indemnification of officers

During the year, Directors and Executive officers of Ricegrowers Limited were insured as part of an insurance policy undertaken against a liability of a nature that is required to be disclosed under the Corporations Act. In accordance with the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions in the insurance contract.

16 Directors' benefits

The Directors have direct dealings with the company on the same terms and conditions that apply to all members whether by contractual arrangements or otherwise.

No Director has received or become entitled to receive a benefit by reason of a contract made by the company or a controlled entity with the Director or a firm of which the Director has a substantial financial interest other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown above.

Several Directors sit on local Boards which serve the rice industry as disclosed in the Annual Report. The Group has dealings with these Boards and Committees whose purpose is to deal with issues that relate to the rice industry. The transactions involved are conducted on terms no more favourable than other bodies that affect the rice industry.

17 Remuneration report (audited)

Ricegrowers Limited seeks to create value for our shareholders through a robust remuneration and benefits strategy designed to attract, retain and motivate exceptional people. This Remuneration Report outlines Ricegrowers Limited's remuneration policy and remuneration outcomes for the Key Management Personnel (KMP) of the Group for the year ended 30 April 2013. This Remuneration Report is audited and has been prepared in accordance with requirements of the *Corporations Act 2001* (Cth).

Outline of this Remuneration Report

The Remuneration Report has the following sections:

1. Overview
2. Key Management Personnel
3. Remuneration governance at Ricegrowers Limited
4. Remuneration of Non-Executive Directors
5. Executive Remuneration policy and framework
6. Remuneration tables
7. Remuneration Consultants

1. Overview

The Directors are pleased to provide shareholders with this Remuneration Report for the year ended 30 April 2013. The Remuneration Report sets out the remuneration policies and practices and remuneration details for Directors and other KMP for the year.

Importantly, the Directors are also pleased to update shareholders on an extensive review of the approach to remuneration at Ricegrowers. During the year the Company engaged Hay Group, an independent remuneration expert, to assist the Company to review the remuneration strategy, policies, and practices of the organisation. The planned completion of the review is in June 2013 with implementation to occur during FY14. The review is a key enabler in driving the strategic growth of the Group and broadly, the aim of the review is to ensure:

1. A remuneration philosophy and core set of remuneration principles applies across the Group
2. The remuneration policies provide a greater degree of transparency and consistency, governance and structure of remuneration for employees of the company, shareholders and rice growers
3. Total remuneration is fair and equitable internally and in our chosen markets
4. Robust policies and processes underpin the approach to benchmarking remuneration and setting incentive targets to ensure the remuneration is adequate to attract, retain and motivate key employees while providing a suitable return for shareholders; and
5. Variable remuneration is aligned to strategy, drives consistent and sustainable performance and drives the right outcomes and behaviours

1. Overview (continued)

The Directors look forward to sharing the outcomes of the review with shareholders in the FY14 Remuneration Report.

2. Key Management Personnel

In determining the KMP of the Group, the Directors of the Company have applied the definition of KMP in the Corporations Act 2001 (Cth) (and the corresponding definition in the Australian Accounting Standards) being the Directors of Ricegrowers Limited during the year and any other person who, during the year, had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The KMP of the Group for the year ended 30 April 2013 were:

A. Directors (including the Executive Director)

Name	Date of Commencement	Date of Retirement
GF Lawson AM	2 December 1985	
DM Robertson	24 September 1996	
GA Andreazza	26 August 2011	
LJ Arthur	24 August 2007	
R. Gordon, Executive Director and CEO	6 February 2012	
NG Graham	22 November 2001	
RA Higgins AO	24 November 2005	24 August 2012
GL Kirkup	24 November 2005	
GF Latta AM	28 October 1999	
P Margin	27 September 2012	
AD Walsh	25 August 2000	

B. Executives

Name	Position
B Hingle	Chief Financial Officer
M Bazley	General Manager International Commodity & Trading
D Keldie	General Manager, Consumer Markets
J Lloyd	Chief Executive Officer, Riviana Foods
G Woods	General Manager, AGS and CopRice

Note that for the purpose of this Remuneration Report, the term ‘Executive’ is used to describe those Executives of the Group who are reported as KMP in this Remuneration Report. Where relevant this Remuneration Report discusses policies that apply to the management team more broadly but use of the phrase Executive(s) is a specific reference to those Executives who are KMP in this reporting period.

3. Remuneration governance at Ricegrowers Limited

A formal Remuneration Committee is constituted to govern matters related to Director and Executive remuneration. A discussion in respect of the members can be found on page 46 and the Charter of the Remuneration Committee is available on the Company’s website.

The role of the Remuneration Committee is to review and make recommendations to the Board in respect of the remuneration of the Directors and Executives of the Group. The Remuneration Committee makes no formal decisions on behalf of the Company (other than the decision from time to time to appoint Remuneration Consultants).

17 Remuneration report (audited) (continued)

3. Remuneration governance at Ricegrowers Limited (continued)

The duties of the Committee shall include reviewing and, where appropriate, making recommendations to the Board on remuneration, compensation and benefits, including:

a) Executive remuneration policies

b) The remuneration packages of Executive management including short and long term remuneration targets and outcomes, including performance targets

c) Employment contracts of Executive management

d) Incentive policies and schemes

e) Termination payments for Executives

f) Executive and Board development programs

g) Superannuation arrangements including receiving reports from the Superannuation Policy Committee

h) The consistency of Ricegrowers' remuneration policies, recruitment practices, training and development processes with strategic goals and Human Resources initiatives

i) The terms and conditions of appointment of Directors, including the retirement allowances and remuneration framework for Directors

4. Remuneration of Non-Executive Directors

Directors' fees

Non-Executive Directors receive fees which are determined by the Board within the aggregate allotment approved by Shareholders. The current fee pool is set out in the schedule below. There has been no increase in these amounts since 1 May 2010. All remuneration is provided to Directors in cash, and no Director (other than the Executive Director, the CEO) is entitled to performance-based remuneration.

Base Fees	$
Board Chair	135,000
Board Deputy Chair	70,000
Base fee for all other non-Executive Directors	60,000

In addition, Directors receive a supplement to their base fee (or the Deputy Chair fee in the case of the Board Deputy Chair) in recognition of the additional responsibilities and time commitment:

Additional Fees	$
Finance & Audit Committee – Chair	12,000
Finance & Audit Committee – Member	6,000
Remuneration Committee – Chair	6,000
Remuneration Committee – Member	3,000
Grower Services Committee – Chair	6,000
Grower Services Committee – Member	3,000
Nomination Committee – Chair	Nil
Nomination Committee – Member	Nil
Safety, Health and Environment Committee – Chair	Nil
Safety, Health and Environment Committee – Member	Nil

In addition to the above fees, Ricegrowers Limited contributes the statutory 9% superannuation to an accumulation fund on behalf of all Directors.

4. Remuneration of Non-Executive Directors (continued)

Non-Executive Directors of Ricegrowers Limited who are Directors of Trukai Industries Limited also received $11,380 (Kina 25,000) for M Robertson and $9,104 (Kina 20,000) for L Arthur in annual Director Fees for their roles in recognition of the additional workload associated with travel to and management of an operation based in Papua New Guinea. (Note however that the total remuneration received by Directors in the Remuneration Tables on page 63 reflects the aggregate of all Directors' Fees received by a Director in respect of Ricegrowers Limited and any of its Subsidiaries).

Maximum Director fee pool

The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration) were within the maximum limit of $750,000 as approved by members at the 2010 Annual General Meeting. Refer to the Remuneration Table on page 63 for details of the total remuneration received by each Director during the reporting period.

During the year the Board engaged Egan Associates Pty Limited to provide data on the structure and level of Non-executive Directors' fees. The information considered the fees paid to Non-executive Directors of companies within comparable financial attributes, the size and complexity of the Group's operations and the responsibilities and workload requirements of Directors.

The Board will consider any recommendations from Egan Associates Pty Ltd in relation to the Directors' current fee pool and recommend that any changes to the aggregate fee pool are considered, and, if thought fit, passed by Shareholders as an ordinary resolution at the next Annual General Meeting.

Out of pocket expenses

Directors attending to the business of the Group are reimbursed for the reasonable costs of travel and reasonable out of pocket expenses. These are excluded from the Director Fee Pool.

Retirement allowances for non-Executive Directors

Historically, the Directors of the Company participated in a Retirement Benefit Scheme, consistent with market practice at the time. Following a review by expert remuneration consultants, shareholders approved at the Annual General Meeting held on 27 August 2010 a change to the structure of Directors' remuneration which included the termination of the Retirement Benefit Scheme.

At the 2010 Annual General Meeting, Shareholders approved the termination of the retirement allowance scheme. Directors' accrued entitlements at 30 April 2010 have been "grandfathered" and will be paid on retirement at the Board's discretion. No interest is to apply on the "grandfathered" amount. Ricegrowers Limited's liability has been fully provided in previous years, therefore there will be no additional cost to the company. The liability under the Scheme will reduce as individual Directors retire. Director's superannuation entitlements have been netted off against the Company's obligation to their retirement benefit.

5. Executive remuneration policy and framework

Review of remuneration strategy and policies

During the year, the Remuneration Committee engaged Hay Group, an independent remuneration expert, to assist management with the review and improvement of the Group's approach to remuneration. The strategic purpose of the work is set out in the Introduction to this Remuneration Report. The scope of the project was to review and develop:

1. A remuneration strategy that defines how the Group applies a set of remuneration principles to attract and retain the right people in its chosen markets. The strategy will provide Remuneration Committee and Corporate Management Team (CMT) with the parameters for governing remuneration at Executive level and salaried level
2. Market remuneration comparison of CMT members that will provide an independent report on the Group's competitive remuneration relative to the external market for CMT, and a view on the current internal remuneration equity practice across the CMT
3. A set of remuneration policies which outline the management of remuneration within the Business Units. Policies include:
   a. Fixed remuneration
   b. Benefits (including salary packaging items)
   c. Variable remuneration, including consideration of short term incentive programs and long term incentive programs

17 Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

4. A remuneration framework, providing the tools to measure and differentiate individual roles internally and measure competitiveness to the external market; and
5. As a result, achieve the aims as set out in the Introduction to this Remuneration Report.

While the Remuneration Report primarily describes the policies that were applicable to remuneration awarded during this reporting period, where appropriate, the Directors indicate improvements that have been or may be made in respect of the next reporting period as a result of the above review.

(Note that in accordance with the Corporations Act 2001 (Cth), the nature of the remuneration recommendations provided by Hay Group is discussed under the heading 'Remuneration Consultants' on page 64 of this Remuneration Report.)

Remuneration components
The elements of Executive remuneration are described below. Note that while this Remuneration Report discloses the details of those Executives who were KMP, the comments are generally applicable to CMT members.

Executives receive the following elements of remuneration:

1. Fixed Annual Remuneration (being base remuneration and all other benefits)
2. Variable Remuneration

Fixed Annual Remuneration (FAR)
FAR comprises the base remuneration plus any cash and non-financial benefits. Executives are able to elect to take a range of benefits as part of their remuneration package, including a company car, novated vehicle or car allowance, or remote housing subsidy.

While there is an annual salary review process, no Executive has a contractual entitlement to an increase in their FAR.

FAR was benchmarked during the year against a number of data sources. Typically, Executive roles have been compared to similar positions in the FMCG sector. Generally speaking, the Company benchmarks FAR against the market median, with opportunity for above target outcomes through variable remuneration for outstanding performance.

Retirement benefits are delivered under the relevant superannuation fund. The Group contributes the statutory minimum to an accumulation fund on behalf of all Australian employees. Employees can elect to make additional contributions from their Total FAR, either pre or post tax.

Variable Remuneration
Executives are eligible to participate in a Short Term Incentive (STI) scheme. In addition, the CEO is contractually entitled to participate in a Long Term Incentive (LTI) scheme.

A. "At risk" remuneration
The "at risk" remuneration describes the portion of the Executives' remuneration that is not guaranteed. The "remuneration mix" describes the mix of remuneration as a proportion of total remuneration (including incentives) and is based on the target outcomes. The remuneration mix for the CEO and the Executives is shown below

	Fixed Annual Remuneration	Short Term Incentive	Long Term Incentive
CEO Ricegrowers	44%	34%	22%
Other KMP	77%	23%	–

5. Executive remuneration policy and framework (continued)

B. Short Term Incentive scheme

The STI is a cash-settled incentive and is in respect of performance across the financial year. It is designed to reward Executives for meeting stretch targets, set by the Board to reward Executives for stretch performance. In addition to the Executives disclosed in this Remuneration Report, other group Executives and Senior Managers were invited to participate in the scheme as a key driver of their performance.

For FY13 the CEO had a Target STI opportunity equal to 78% of his FAR as set by the Board to drive profit and paddy price per tonne for the year. All other Executives have a 30% opportunity. Other management team members have an opportunity of 30% or less.

STI for Executives (excluding CEO)

Importantly, there is a 'gateway measure' in place before any of the STI pool is released. This gateway measure ensures that bonuses are funded through profitability, as distinct from a scenario (without the gateway) where bonuses may be paid for, say, individual performance, notwithstanding the Group performance being below expectations. The key gateway measure is threshold performance against the Group Net Profit Before Tax after applying a budgeted paddy price. If the threshold (being at least 92% of the target) is not achieved, the gate does not open and no STI payments are awarded except for circumstances where the Board exercises discretion to do so. The specific target is not disclosed due to it being commercially sensitive.

Once the threshold is achieved, the FY13 STI for each individual is determined against three broad components. The weighting and examples of performance measures are shown in the table below. For the CMT generally (excluding the CEO), the performance measures are recommended to the Remuneration Committee by the CEO. For the CEO and the Executives, the Remuneration Committee sets the performance measures. Specific performance measures are disclosed to the extent that they are not commercially sensitive.

Component and weighting	**Performance measures**
Group performance (50%)	Each Executive is subject to the same Group performance measure, defined as Group Net Profit before Tax after applying the budgeted paddy price per tonne achieved. This component is awarded on a sliding scale between 92% of target (at which point only 20% is awarded) and 110% of the target (at which point 125% is awarded). The above measure was chosen as a key metric to provide the link between Group performance and balancing our statutory obligation to achieve the best possible returns for rice growers whilst acting in the best interests of shareholders.
Business Unit performance (25%)	*1. Profit* Each Executive is set with Business Unit (BU) performance targets, measured as Net Profit Before Tax for their respective BU or Functional Team. The measures are chosen as they indicate the success of the Executive in executing the strategy for their Business Unit. *2. Safety, Health and Environment* The Safety, Health and Environment (SHE) Target assesses the safety performance of the Executives' Business Unit by measuring the reduction in Lost Time Injury Frequency Rate (LTIFR). This performance measure has been selected to drive the Zero Harm culture initiative across the Group.
Individual performance (25%)	Each Executive is set with Individual performance measures relating to their role as an individual contributor. The individual scorecard measures include leadership, innovation, process improvement and customer focus.

The Directors rigorously test the annual STI performance measures to ensure the performance required to achieve "on target" performance is sufficiently stretched. Similarly, the Directors recognise that participants should have the opportunity for above-target outcomes for outstanding performance and the STI allowed for up to 125% of target (in any or all of the three categories above) in instances of outstanding performance (measured against the pre-agreed target as to what would constitute 'outstanding performance').

17 Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

STI for the Chief Executive Officer

The CEO is subject to a different STI plan. The Board have implemented this approach to ensure the CEO is rewarded for the achievement of key strategic and operational goals. Further, the Board engages in a thorough process to ensure that the performance measures of the CEO and his direct reports are complimentary and align to the Group's strategic objectives.

The CEO's STI has various components which covers improvement in profit, maximisation of return to growers, strategic and operational goals. If all achieved, will result in a payout of up to the maximum $700 000.

General comments in respect of the STI for all Executives (including the CEO)

None of the performance measures applicable in this reporting period were relative to external benchmarks.

At the end of the financial year, the Remuneration Committee assesses the performance of the CEO and recommends STI outcomes to the Board. The Remuneration Committee also reviews the assessment of performance against KPIs and final STI outcomes for Executives after considering recommendations of the CEO. While the Remuneration Committee receives information from management, it rigorously and independently verifies the information prior to declaring STI outcomes.

Financial highlights in respect of STI for this reporting period include:

1. Group NPBT has increased year on year, up 5% from 2012 to 2013
2. Underlying profit before tax increase of 44%
3. Paddy price of $317 per tonne, a 24% increase.

	STI Target Opportunity	% of STI Maximum Earned
CEO Ricegrowers	100%	100%
Chief Financial Officer	100%	85.0%
General Manager – Consumer Markets	100%	81.0%
General Manager AGS and CopRice	100%	91.9%
GM – Int'l Commodity & Trading	100%	85.0%
CEO Riviana Foods	100%	0.0%

5. Executive remuneration policy and framework (continued)

Link to performance of Ricegrowers Limited

	2010	2011	2012	**2013**
Group NPBT $000s	15,515	17,500	54,635	**57,347**
Underlying profit before tax $000's^	38,315	43,680	43,152	**61,978**
Medium Grain Paddy Price ($/t)*	550	417	255	**317**
Earnings per Share (cents)	24.5	23.0	57.3	**57.9**
Return on Funds Employed (%)**	4.3%	5.4%	7.9%	**8.6%**
Average STI payment as a % of Target STI opportunity for KMP***	46.5%	17.6%	96.4%	**107.2%**

* Medium Grain Paddy Price of $417/t for April 2011 is the weighted average for the premium pool and pool #2

** Excludes retention from paddy price of $16m ($20/t) for FY12

*** Applies to KMP participating in the Group STI Plan. Ricegrowers CEO and Riviana Foods CEO are excluded and participate under separate STI plans. Also excludes cash bonus of $210,000 awarded to David Keldie in FY12 for acting CEO for 6 months until the appointment of Rob Gordon on 6 February 2012.

^Reconciliation of statutory profit before tax to underlying profit before tax	**2010 $000**	**2011 $000**	**2012 $000**	**2013 $000**
Group NPBT	15,515	17,500	54,635	**57,347**
Paddy supplement / (retention)	22,800	22,709	(16,000)	**–**
Impairment of assets (outside of Australian Paddy Pool)	–	–	4,257	**3,432**
Ebro / Capital restructure expenses	–	3,471	260	**1,199**
Underlying profit before tax	38,315	43,680	43,152	**61,978**

C. Long Term Incentive scheme

While the Group has previously operated a Long Term Incentive scheme (LTI), it has not actively awarded LTIs in the current year.

The CEO is eligible to participate in the Company's LTI scheme (refer to 'Service Agreements' below). The objectives set by the Board for the CEO's LTI are:

1. Profit – Compound annual growth in profit over three years while maximising return to Growers as measured by price per tonne paid to growers each and every year over the three years;
2. Costs – Achieve significant reduction in milling conversion costs over three years;
3. Strategic goals arising from the strategic planning process in relation to the Group's strategic direction and capital structure
4. Succession goals

The amounts represented in the other long term benefits for the CEO within the remuneration tables represents the amount provided for the CEO under the LTI scheme in FY13.

Directors’ Report continued

17 Remuneration report (audited) (continued)

6. Remuneration tables

	Short term benefits			Post employment benefits		Other long term benefits	Retention benefit[3]	Total Paid and Payable	Other long term benefits[2]	Total
Name	Cash Salary and fees $	Cash Bonus[5] $	Non-Monetary Benefits $	Super-annuation $	Retire-ment benefits $	Cash bonus accrued $	Cash Bonus $	$	Provided $	$
R Gordon [1]										
2013	**879,167**	**700,000**	**3,711**	**20,833**	**–**	**–**	**–**	**1,603,711**	**400,000**	**2,003,711**
2012	214,286	175,000	–	–				389,286	100,000	489,286
B Hingle										
2013	**342,604**	**127,274**	**36,067**	**24,330**	**–**	**–**	**51,666**	**581,941**	**–**	**581,941**
2012	334,816	113,452	27,937	21,180	–	–	68,121	565,506	–	565,506
M Bazley										
2013	**359,278**	**122,488**	**–**	**25,000**	**–**	**–**	**49,087**	**555,853**	**–**	**555,853**
2012	348,085	111,926	–	25,000	–	–	66,196	551,207	–	551,207
D Keldie [4]										
2013	**360,998**	**117,142**	**4,566**	**23,800**	**–**	**–**	**49,262**	**555,768**	**–**	**555,768**
2012	355,336	318,114	1,285	17,800	–	–	66,433	758,968	–	758,968
G Woods										
2013	**231,060**	**124,038**	**102,152**	**23,026**	**–**	**–**	**–**	**480,276**	**–**	**480,276**
2012	229,794	96,118	98,971	24,210	–	–	–	449,093	–	449,093
J Lloyd										
2013	**572,034**	**–**	**7,400**	**56,575**	**–**	**53,000**	**–**	**689,009**	**–**	**689,009**
2012	492,591	–	49,437	40,980	–	249,838	–	832,846	–	832,846
G Helou *(Resigned 14/09/2011)*										
2012	305,715	400,000	–	4,166	–	–	–	709,881	–	709,881

1. The CEO’s Executive Agreement indicates that the first STI payment will be based on the 12 months for the year ending April 30th, 2013 but extrapolated for 15 months to reflect the period from the commencement of employment in February to April 2012.

   The CEO earned the potential maximum STI of $700 000 for FY13, with an additional provision of $175 000 relating to the FY12 period to reflect the period from the commencement of employment in February 2012 to April 2012. April 2012 has been restated with the $175 000.

2. In accordance with accounting standards, the CEO’s remuneration includes amounts provided in the relevant years as the best estimate of the LTI relating to that years performance. No amounts will be paid until the end of 3 years service and any LTI paid will be based on performance over the 3 years.

   The CEO’s LTI provision of $400 000 has been provided for 2013 with an additional provision of $100 000 relating to the FY12 period from the commencement of employment in February 2012 to April 2012. April 2012 has been restated with the $100 000.

3. The KMP Brad Hingle, David Keldie and Milton Bazley had a retention arrangement that ended 31 October 2012.
4. David Keldie received $210,000 as cash bonus for acting CEO for 6 months until the appointment of Rob Gordon on 6 February 2012.
5. The cash bonus amounts in the above table are based on financial performance in respect of STI for FY13 as highlighted below:
   a. Group NPBT has increased year on year, up 5% from 2012 to 2013
   b. Underlying profit before tax increase of 44%
   c. Paddy price of $317 per tonne, a 24% increase.

It is noted that there are no Share Based Payments or Termination Payments for any KMP.

17 Remuneration report (audited) (continued)

6. Remuneration tables (continued)

	Short term benefits				Post employment benefits		Total
	Cash Salary and fees	Cash Salary & fees Other Controlled Entities	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits	
	$	$	$	$	$	$	$
GF Lawson							
2013	**138,000**	**–**	**–**	**–**	**12,420**	**–**	**150,420**
2012	138,000	–	–	–	12,420	–	150,420
DM Robertson *							
2013	**79,000**	**11,657**	**–**	**–**	**7,110**	**–**	**97,767**
2012	79,000	10,614	–	–	7,110	–	96,724
GA Andreazza							
2013	**63,000**	**–**	**–**		**5,670**	**–**	**68,670**
2012	42,913	–	–	–	3,862	–	46,775
LJ Arthur *							
2013	**69,000**	**9,326**	**–**	**–**	**6,210**	**–**	**84,536**
2012	69,000	–	–	–	6,210	–	75,210
NG Graham *							
2013	**66,000**	**–**	**–**	**–**	**5,940**	**–**	**71,940**
2012	66,000	6,368	–	–	5,940	–	78,308
GL Kirkup							
2013	**66,000**	**–**	**–**	**–**	**5,940**	**–**	**71,940**
2012	66,000	–	–	–	5,940	–	71,940
GF Latta							
2013	**78,000**	**–**	**–**	**–**	**7,020**	**–**	**85,020**
2012	78,000	–	–	–	7,020	–	85,020
AD Walsh							
2013	**63,000**	**–**	**–**	**–**	**5,670**	**–**	**68,670**
2012	63,000	–	–	–	5,670	–	68,670
PM Margin (Commenced 27/09/2012)							
2013	**40,300**	**–**	**–**	**–**	**3,627**	**–**	**43,927**
N McAllister (Retired 25/08/2011)							
2012	20,087	–	–	–	1,808	–	21,895
RA Higgins (Retired 24/08/12)							
2013	**20,804**	**–**	**–**	**–**	**1,872**	**–**	**22,677**
2012	66,000	–	–	–	5,940	–	71,940

* M Robertson and L Arthur as Directors of Trukai Industries Limited receive Directors' fees from Trukai Industries Limited. N Graham resigned from Trukai Industries Limited effective 26 May 2012.

17 Remuneration report (audited) (continued)

6. Remuneration tables (continued)

Service agreements

The remuneration arrangements for the CEO and the Executives are formalised in Service Agreements.
The details are provided below:

Name and Role	Term of Agreement	Notice Periods
R Gordon, Chief Executive Officer	Service agreement until February 2017	6 months
B Hingle, Chief Financial Officer	Rolling contract with no fixed end date	1 month
M Bazley, General Manager, International Commodity & Trading	Rolling contract with no fixed end date	3 months
D Keldie, General Manager, Consumer Markets	Rolling contract with no fixed end date	3 months
G Woods, General Manager, AGS and CopRice	Rolling contract with no fixed end date	3 months
J Lloyd, Chief Executive Officer, Riviana	Service agreement until 30 April 2014	2 months

Additional comments:

1. The CEO has a contractual entitlement to a potential STI of up to $700,000 and potential LTI of up to $450,000. The remaining Key Management Personnel are eligible to participate in the Variable Remuneration schemes and participation is by invitation only.
2. The CEO of Riviana Foods Pty Ltd has a service agreement in force until 30 April 2014. This prescribes his remuneration including short term incentive and deferred bonus. The short term incentive is based on the achievement of specified criteria. The deferred bonus was awarded on the CEO's agreement to extend his term of employment beyond 30 April 2012 and consists of 2 months' total employment cost (TEC) and one month's TEC for each year or part thereof service with the company commencing 20 September 1993 with the deferred bonus to be released to the CEO on cessation of his employment. The service agreement may be terminated by either party prior to the expiry of the term for certain grounds specified in the service agreement.
3. The remaining Executives have standard permanent employment contracts. Under these employment contracts the Company can terminate without notice for cause.
4. None of the Service Agreements detailed above provide an entitlement to Termination Benefits other than (a) any contractual benefits accrued up until the date of termination and (b) payment in lieu of notice if mutually agreed by the parties.

7. Remuneration Consultants

During the reporting period, the Company engaged remuneration consultants for a variety of purposes including access to remuneration databases, job analysis, external benchmarking reports and other services.

Provision of a "remuneration recommendation"

1. Hay Group was engaged by the Remuneration Committee to assist with the review of the remuneration strategy including the approach to setting FAR and the design of Variable Remuneration.

   During the engagement, Hay Group provided several recommendations that may constitute a "remuneration recommendation" for the purposes of the Act. The remuneration recommendations included recommendations as to the remuneration mix for the CEO and Executives and recommendations as to the design of Variable Remuneration for the CEO and Executives.

   Hay Group also provided other services, as part of the one engagement, which did not constitute a remuneration recommendation including for example providing access to the Hay Group PayNet remuneration database, advice in respect of the reward strategy for the Group, compliance and governance advice.

   The fees paid to Hay Group during the reporting period were $92,000 of which approximately $55,000 related to the remuneration recommendations, as defined in the *Corporations Act 2001* (Cth).
2. Egan Associates was engaged by the Remuneration Committee to conduct a review of Ricegrowers' Non-Executive Directors' remuneration.

   During the engagement, Egan Associates provided recommendations that may constitute a "remuneration recommendation" for the purposes of the Act. The remuneration recommendations related to Non-Executive Directors' fees and the aggregate fee pool.

7. Remuneration Consultants (continued)

The fees paid to Egan Associates during the reporting period, related to the remuneration recommendations, as defined in the Act were $11,550 of which approximately $2,500 related to the provision of a Remuneration Recommendation as defined in the *Corporations Act 2001* (Cth).

3. Mercer provided market remuneration data in relation to Ricegrowers Executive and non-Executives, of which no remuneration recommendations were made in relation to KMP.

Governance arrangements

1. To uphold the highest standards of governance, Hay Group was engaged by the Directors and reported directly to the Remuneration Committee in respect of its advice.
2. Although Hay Group was provided with information from management to assist with their work, clear communication channels were opened between the Remuneration Committee and Hay Group to ensure Hay Group could confer with the Remuneration Committee should the KMP do or say anything to impede on Hay Group's independence. Further, Hay Group provided the Company with a statement that the remuneration recommendation was free from undue influence from the members of KMP to whom the recommendation relates.
3. On the basis of the above arrangements, the Board is satisfied that the remuneration recommendations (and indeed all of the advice provided by Hay Group) is free from undue influence from the KMP to whom the recommendation relates.

Voting and comments made at Ricegrowers Limited's Annual General Meeting
It is noted that at the 2012 AGM held on 24 August 2012 that the company received less than 25% 'no vote' on the Remuneration Report. Consequently, no additional disclosures have been triggered.

18 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 67.

19 Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar.

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

For and on behalf of the Board.

GF Lawson AM Chairman	DM Robertson Deputy Chairman

27 June 2013

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 68 to 110 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 30 April 2013 and of its performance for the financial year ended on that date, and

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

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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*.

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

For and on behalf of the Board.

G.F. Lawson

GF Lawson AM
Director

DM Robertson
Director

27 June 2013

Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2013, 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 Ricegrowers Limited and the entities it controlled during the period.

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
27 June 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Consolidated income statement

For the year ended 30 April 2013

	Note	2013	2012
		$000's	$000's
Sales revenue	4	**1,061,931**	996,942
Other revenue	4	**6,303**	3,428
Revenue from continuing operations		**1,068,234**	1,000,370
Other income	5	**875**	907
Impairment of assets		**(3,837)**	(7,799)
Changes in inventories of finished goods		**(1,998)**	(7,658)
Raw materials and consumables used		**(599,129)**	(550,011)
Employee benefits expense		**(106,825)**	(99,268)
Depreciation and amortisation expense	6	**(21,141)**	(21,649)
Finance costs		**(11,975)**	(17,381)
Other expenses	6	**(266,822)**	(242,791)
Share of net loss of associate accounted for using the equity method	13	**(35)**	(85)
Profit before income tax		**57,347**	54,635
Income tax expense	7	**(21,554)**	(20,724)
Profit for the year		**35,793**	33,911
Profit for the year is attributable to:			
Non-controlling interests		**3,528**	2,128
Ricegrowers Limited shareholders		**32,265**	31,783
		35,793	33,911
Earnings per share for profit attributable to B Class Shareholders			
Basic and diluted earnings (cents per share)	31	**57.9**	57.3

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

Consolidated statement of comprehensive income

For the year ended 30 April 2013

	2013	2012
	$000's	$000's
Profit for the year	**35,793**	33,911
Other comprehensive income		
Changes in fair value of cash flow hedges	**(1,913)**	(5,453)
Exchange differences on translation of foreign operations	**(125)**	3,392
Income tax relating to items of other comprehensive income	**574**	1,636
Other comprehensive income for the year, net of tax	**(1,464)**	(425)
Total comprehensive income for the year	**34,329**	33,486
Total comprehensive income for the year is attributable to:		
Non-controlling interests	**4,167**	3,188
Ricegrowers Limited shareholders	**30,162**	30,298
	34,329	33,486

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 30 April 2013

	Note	2013 $000's	2012 $000's
Current assets			
Cash and cash equivalents	8	**146,263**	29,170
Receivables	9	**150,326**	124,277
Inventories	10	**456,364**	378,637
Derivative financial instruments	12	**4,517**	4,745
Total current assets		**757,470**	536,829
Non-current assets			
Other financial assets	11	**65**	76
Property, plant and equipment	14	**185,210**	196,728
Investment properties	16	**1,150**	1,200
Intangibles	15	**7,451**	7,532
Deferred tax assets	17	**14,520**	13,580
Investments accounted for using the equity method	13	**1,113**	834
Total non-current assets		**209,509**	219,950
Total assets		**966,979**	756,779
Current liabilities			
Payables	18	**87,080**	80,178
Amounts payable to Australian Rice Growers	18	**128,233**	107,649
Borrowings	19	**183,467**	61,928
Current tax liabilities		**18,186**	17,680
Provisions	20	**16,100**	12,511
Derivative financial instruments	12	**1,324**	1,227
Total current liabilities		**434,390**	281,173
Non current liabilities			
Payables	18	**9,895**	12,230
Amounts payable to Australian Rice Growers	18	**60,260**	25,368
Borrowings	19	**145,146**	141,498
Provisions	20	**2,991**	3,586
Total non-current liabilities		**218,292**	182,682
Total liabilities		**652,682**	463,855
Net assets		**314,297**	292,924
Equity			
Contributed equity	22	**107,819**	107,819
Reserves	23	**17,015**	19,118
Retained profits	23	**174,538**	152,310
Total parent entity interest		**299,372**	279,247
Non-controlling interests		**14,925**	13,677
Total equity		**314,297**	292,924

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

Consolidated statement of changes in equity

For the year ended 30 April 2013

	Contributed equity	Reserves	Retained profits	Parent entity interest	Non-controlling interests	Total equity
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Balance as at 1 May 2012	**107,819**	**19,118**	**152,310**	**279,247**	**13,677**	**292,924**
Profit for the year	**–**	**–**	**32,265**	**32,265**	**3,528**	**35,793**
Other comprehensive income	**–**	**(2,103)**	**–**	**(2,103)**	**639**	**(1,464)**
Total comprehensive income for the year	**–**	**(2,103)**	**32,265**	**30,162**	**4,167**	**34,329**
Transactions with owners in their capacity as owners:						
Dividends paid	**–**	**–**	**(10,037)**	**(10,037)**	**(2,919)**	**(12,956)**
	–	**–**	**(10,037)**	**(10,037)**	**(2,919)**	**(12,956)**
Balance as at 30 April 2013	**107,819**	**17,015**	**174,538**	**299,372**	**14,925**	**314,297**

	Contributed equity	Reserves	Retained profits	Parent entity interest	Non-controlling interests	Total equity
	$000's	$000's	$000's	$000's	$000's	$000's
Balance as at 1 May 2011	104,256	20,603	130,373	255,232	10,322	265,554
Profit for the year	–	–	31,783	31,783	2,128	33,911
Other comprehensive income	–	(1,485)	–	(1,485)	1,060	(425)
Total comprehensive income for the year	–	(1,485)	31,783	30,298	3,188	33,486
Transactions with owners in their capacity as owners:						
Distribution reversed	–	–	–	–	167	167
Contributions of equity, net of transaction costs	3,563	–	–	3,563	–	3,563
Dividends paid	–	–	(9,846)	(9,846)	–	(9,846)
	3,563	–	(9,846)	(6,283)	167	(6,116)
Balance as at 30 April 2012	107,819	19,118	152,310	279,247	13,677	292,924

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

For the year ended 30 April 2013

	Note	2013 $000's	2012 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,073,268**	1,015,106
Payments to suppliers (inclusive of goods and services tax)		**(577,294)**	(550,572)
Payments of wages, salaries and on-costs		**(103,831)**	(96,041)
Dividends received		**–**	2
Interest received		**2,622**	1,420
Other revenue		**3,848**	2,031
Interest paid		**(10,971)**	(15,721)
Income taxes paid		**(20,488)**	(6,338)
		367,154	349,887
Payments to growers		**(339,959)**	(249,406)
Net cash inflow from operating activities	**30**	**27,195**	100,481
Cash flows from investing activities			
Payments for property, plant and equipment		**(13,022)**	(14,311)
Proceeds from sale of property, plant and equipment		**540**	196
Payments for intangibles		**(1,111)**	(1,002)
Net cash outflow from investing activities		**(13,593)**	(15,117)
Cash flows from financing activities			
Proceeds from borrowings		**661,339**	938,883
Repayment of borrowings		**(529,230)**	(1,009,752)
Proceeds from issue of shares		**–**	892
Repayment of loan by RMB		**–**	1,000
Repayment of finance leases		**(822)**	(719)
RMB equity redemptions	**18**	**(7,879)**	(11,882)
Dividends paid to non-controlling interests		**(2,920)**	–
Dividends paid to company's shareholders		**(10,037)**	(7,175)
Net cash inflow/(outflow) from financing activities		**110,451**	(88,753)
Net increase/(decrease) in cash and cash equivalents		**124,053**	(3,389)
Cash and cash equivalents at the beginning of the financial year		**11,003**	14,460
Effect of exchange rate changes on cash and cash equivalents		**(643)**	(68)
Cash and cash equivalents at end of year	**8**	**134,413**	11,003

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity consisting of Ricegrowers Limited and its subsidiaries.

(a) Basis of preparation of financial statements

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Ricegrowers Limited is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS's

These financial statements of Ricegrowers Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 May 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting periods beginning after 1 May 2013.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Ricegrowers Limited ("company" or "parent entity") as at 30 April 2013 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% voting rights. Investments in associates are accounted for using the equity method of accounting.

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

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Foreign currency translation

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

Transactions denominated in a foreign currency are converted at the exchange rate achieved over the reporting period. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the period. Foreign currency receivables and payables at balance date are translated at exchange rates current at that date. Resulting exchange gains and losses are recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

Assets and liabilities of the Group entities that have a functional currency other than Australian dollars are translated into Australian currency at exchange rates existing at balance date. Income and expenses are translated at the average rate ruling during the year. The exchange gain or loss arising on translation is recognised in other comprehensive income and presented in a foreign currency translation reserve.

(d) Loans and receivables

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

(e) Investment property

Investment property comprises freehold land and buildings that were previously owner occupied. Owner occupation ceased and these properties are now classified as "Investment properties" as they are held for long term capital appreciation. These properties are carried at fair value representing open-market value determined by external valuers. Changes in fair value are recorded in the consolidated income statement as part of other income or expense.

(f) Inventory

Raw materials, finished goods, packaging materials and engineering and consumable stores have been valued on the basis of the lower of cost or net realisable value. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the reporting period. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs. Cost in relation to processed

(f) Inventory (continued)

inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products with recovery on the basis of normal operating capacity. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Property, plant and equipment and leasehold improvements

Property, plant and equipment, other than freehold land, are stated at historical cost less depreciation and are depreciated over their estimated useful lives using the straight line method. Freehold land is held at cost and not depreciated.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Buildings	25 to 50 years
Leasehold improvements	over the term of the lease
Leased plant and equipment	3 to 10 years
Plant and equipment	7 to 15 years

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The profit or loss on disposal of property, plant and equipment in the normal course of business has been brought to account within operating profit.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

Non-financial assets, other than goodwill, that have previously suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Patents and brands are deferred and amortised on a straight line basis over the periods of their expected benefit which varies from 5 to 20 years.

Capitalised software and re-engineered systems are amortised over 3 years.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(j) Research and development costs
Research and development costs do not meet the relevant recognition and measurement criteria to be capitalised. As a result, such costs are charged as an expense in the year incurred.

(k) Trade receivables and accounts payable
External trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Trade receivables are due for settlement within 30 days from date of recognition. Bad debts are written off in the period in which they are identified. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement within other expenses. When a trade receivable for which a provision has been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Trade accounts payable including accounts not yet billed are recognised when the consolidated entity becomes obliged to make future payments as a result of provision of assets, goods or services. Trade accounts payable are unsecured and generally settled within 45 days.

(l) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(m) Grower payables
Grower payables comprise the balance of pool payments owed to growers for the current and next financial year's paddy rice where this is received before the balance date. The portion of the payable in respect of the current financial year is based on the final paddy price for the year, with a portion in respect of paddy rice received for the next financial year based on that year's budgeted paddy price.

(n) Employee benefits
Wages and salaries, annual and sick leave
Liabilities for wages and salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits in accordance with the relevant awards 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.

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

The obligations are presented as current liabilities if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Termination benefits
Termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that those terminations will be carried out.

(o) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity.

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

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

Ricegrowers Limited and its wholly owned Australian controlled entities have adopted the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Both the head entity and the subsidiaries will continue to recognise deferred tax balances. All current tax balances will be assumed by the head entity. Any deferred tax assets arising from unused tax losses and unused tax credits will also be recognised in the head entity.

(p) Financial Instruments

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are entered into to hedge financial risks.

The Group designates derivatives as hedges. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and in the hedging reserve. The gain or loss on the ineffective portion is immediately recognised in the consolidated income statement. Amounts accumulated in the hedging reserve are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward exchange contracts hedging export sales is recognised in profit or loss within sales revenue.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(p) Financial Instruments (continued)

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amount are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

Derivatives that form part of the hedging transaction are initially recognised at their fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, duties, trade allowances and taxes paid. Sales revenue is recognised when the amount of revenue can be measured reliably, risks and rewards of ownership pass to the customer and it is probable that future economic benefits will flow to the entity. Revenue from the provision of grain storage and other services is recognised in the accounting period in which the service is performed. Dividends are recognised in revenue when the right to receive payment is established. Interest income is recognised on a time proportion basis at the effective interest rate.

(s) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 14). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(t) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs in business combinations are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1 (i)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

1 Summary of significant accounting policies (continued)

(t) Acquisition of assets (continued)

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

Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Team.

(v) Provisions

Provisions are recognised when the settlement of a present obligation is probable and measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Any change in the provision amount is recognised in the consolidated income statement.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(x) Comparatives

The classification of certain comparative figures may be amended to reflect changes in the presentation of these financial statements.

(y) Contributed equity

Contributed equity comprises B Class shares and is recognised when shares are fully paid for.

(z) Government assistance

Government assistance relating to costs is deferred and recognised in the income statement over the period necessary to match it with the costs that they are intended to compensate. Government assistance in the form of non interest bearing loans received before 1 May 2009 are stated at face value not fair value in accordance with *AASB120 Accounting for Government Grants and Disclosure of Government Assistance*.

(aa) Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to B Class shareholders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of B Class shares outstanding during the financial year, adjusted for bonus elements in shares issued during the year.

(ab) Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) New accounting standards and interpretations

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective for year ending 30 April 2016)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard will have no material effect on the Group's accounting for financial instruments.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations (continued)

(ii) AASB 10 *Consolidated Financial Statements,* AASB 12 *Disclosure of Interest in Other Entities, revised* AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* (effective for year ending 30 April 2014).
AASB10 replaces all of the existing guidance on control and consolidation. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

AASB12 sets out the required disclosures for entities reporting under the new standard AASB10. Application of these standards by the Group will not affect any of the amounts recognised in the financial statements but may impact the type of information disclosed in relation to the Group's investments.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for year ending 30 April 2014)
AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ad) Parent entity information

The financial information for the parent entity, Ricegrowers Limited, disclosed in note 33 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Ricegrowers Limited.

(ii) Tax consolidation legislation
Ricegrowers Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Ricegrowers Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Ricegrowers Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are mainly used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange and ageing analysis for credit risk.

2 Financial risk management (continued)

Financial risk management is executed under guidance from the Treasury Management Committee in accordance with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures mainly to the U.S. dollar (USD).

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. Translation related risks are not included in the assessment of the group's exposure to foreign currency risk.

Forward contracts are used to manage foreign exchange risk.

The Group's risk management policy is to hedge its U.S. dollar foreign currency denominated exposure arising from forecast sales and purchases for the subsequent 12 months at various levels depending on the period to anticipated sales and purchases.

The table below sets out the Group's main exposure to foreign currency risk at the reporting date denominated in USD.

	2013 USD 000's	2012 USD 000's
Cash	**2,052**	2,202
Trade receivables	**93,142**	78,435
Trade payables	**(36,164)**	(43,262)
Forward exchange contracts:		
– selling foreign currency	**(214,500)**	(203,500)
– buying foreign currency	**78,502**	31,700
Net exposure – selling currency/(buying currency)	**(76,968)**	(134,425)

Sensitivity analysis

At 30 April 2013, had the U.S. dollar increased by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $1,938,000 lower (2012 – a change of 10 cents: $642,000 lower) and other equity would have been $8,470,000 higher (2012: $8,506,000 higher) mainly as a result of foreign exchange gain/loss on translation of the U.S. dollar.

At 30 April 2013, had the U.S. dollar decreased by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $2,352,000 higher (2012 – a change of 10 cents: $778,000 higher) and other equity would have been $10,279,000 lower (2012: $10,307,000 lower) mainly as a result of foreign exchange gain/loss on translation of the U.S. dollar.

The Group's exposure to other foreign exchange movements other than USD is not considered material.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowings and cash at bank. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.

2 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The Group had the following variable rate borrowings and interest rate swap contracts outstanding:

30 April 2013	**Weighted average interest rate %**	**Balance $000's**
Cash at bank	**3.7**	**72,007**
Bank loans and bank overdrafts	**4.2**	**312,109**
Interest rate swap (notional principal amount)	**4.1**	**(71,000)**
Net exposure to cash flow interest rate risk		**169,102**

30 April 2012	Weighted average interest rate %	Balance $000's
Cash at bank	3.9	29,170
Bank loans and bank overdrafts	6.0	202,078
Interest rate swap (notional principal amount)	5.2	(62,000)
Net exposure to cash flow interest rate risk		110,908

An analysis by maturities is provided in (c) below.

Sensitivity analysis

At 30 April 2013, if interest rates had changed by + / – 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $423,000 lower/higher (2012: $194,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard and Poor's A minus are accepted. Domestic customers are assessed for credit quality taking into account their financial position, past experience, trade references, ASIC searches and other factors. Export customers trading terms are secured by letter of credit, telegraphic transfer, cash against documents or documentary collection and prepayment. Individual risk limits are set in accordance with the limits set by the Board. Compliance with credit limits is regularly monitored by management. Further information about the quality of receivables is set out in note 9.

(c) Liquidity risk

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

(c) Liquidity risk (continued)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2013	2012
	$000's	$000's
Floating rate:		
Bank overdraft – expiring within one year	**11,358**	3,672
Bank loans – expiring within one year	**10,127**	200,392
Bank loans – expiring beyond one year	**–**	12,000
	21,485	216,064

For additional information on significant terms and conditions of bank facilities refer to note 19.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities. The amounts disclosed in the tables are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at reporting date.

30 April 2013	**Less than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Total carrying amount**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Non-derivatives						
Non-interest bearing	**216,661**	**63,055**	**5,745**	**1,355**	**286,816**	**285,522**
Variable rate	**173,236**	**142,000**	**–**	**–**	**315,236**	**312,109**
Fixed rate	**13,715**	**978**	**1,754**	**965**	**17,412**	**16,450**
Total non-derivatives	**403,612**	**206,033**	**7,499**	**2,320**	**619,464**	**614,081**
Derivatives						
Interest rate swaps – net settled	**1,016**	**442**	**–**	**–**	**1,458**	**1,324**
Foreign currency contracts – gross settled						
(inflow)	**279,458**	**–**	**–**	**–**	**279,458**	**(4,517)**
outflow	**(283,975)**	**–**	**–**	**–**	**(283,975)**	
Total derivatives	**(3,501)**	**442**	**–**	**–**	**(3,059)**	**(3,193)**

Notes to the financial statements continued

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

30 April 2012	Less than 12 months $000's	Between 1 and 2 years $000's	Between 2 and 5 years $000's	Over 5 years $000's	Total contractual cash flows $000's	Total carrying amount $000's
Non-derivatives						
Non-interest bearing	205,507	27,710	8,544	1,344	243,105	243,105
Variable rate	63,142	13,530	124,950	2,028	203,650	201,212
Fixed rate	1,085	1,042	928	–	3,055	2,214
Total non-derivatives	269,734	42,282	134,422	3,372	449,810	446,531
Derivatives						
Interest rate swaps – net settled	1,007	–	–	–	1,007	1,007
Foreign currency contracts – gross settled						
(inflow)	(211,872)	–	–	–	(211,872)	(4,745)
outflow	207,347	–	–	–	207,347	220
Total derivatives	(3,518)	–	–	–	(3,518)	(3,518)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of assets
The Group tests for impairment of goodwill and other assets in accordance with note 1(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations required the use of assumptions. Refer to note 15 for the details of these assumptions used for goodwill impairment testing.

(ii) Raw material inventory and amounts payable to growers
Raw materials and amounts payable to growers in the parent entity are valued in accordance with the accounting policies in note 1(f) and (m). These values require an assumption as to the paddy price for the relevant pool. This assumption is based on the Director's most recent estimate of the final paddy price.

(iii) Deferred tax assets not recognised for capital losses and USA related revenue losses
The Group has not recognised deferred tax assets for capital losses as the Group does not believe it is probable that taxable capital gains will arise against which capital losses can be utilised. The Group has also not recognised deferred tax assets for revenue tax losses in the USA as the Group considers it is inappropriate to recognise such deferred tax assets until such time as the Group begins to generate taxable income against which these losses can be utilised. Refer to note 7(d) for further details on unrecognised deferred tax assets.

4 Revenue

	2013 $000's	2012 $000's
Sales revenue		
Sale of goods	**1,060,068**	991,426
Services	**1,863**	5,516
	1,061,931	996,942
Other revenue		
Interest received	**1,967**	1,420
Dividends received	**–**	2
Other sundry items	**4,336**	2,006
	6,303	3,428
	1,068,234	1,000,370

5 Other income

Foreign exchange gains	**875**	907
	875	907

6 Expenses

Profit before income tax includes the following specific expenses:

Contributions to employee superannuation plans	**3,721**	3,424
Depreciation and amortisation		
Buildings	**7,522**	7,534
Plant and equipment	**11,923**	12,429
Leasehold improvements	**666**	615
Patents/brands and software	**1,030**	1,071
Total depreciation and amortisation expense	**21,141**	21,649
Other expenses		
Freight and distribution costs	**139,055**	133,590
Energy	**24,993**	16,783
Contracted services	**19,096**	14,479
Operating lease expenditure	**7,521**	7,990
Research and development	**3,461**	2,670
Advertising and artwork	**20,003**	15,932
Fair value adjustment to investment properties	**50**	1,500
Net loss on disposal of property, plant and equipment	**500**	1,039
Repairs and maintenance	**12,471**	11,799
Insurance	**3,722**	5,715
Equipment hire	**4,036**	2,731
Training	**1,209**	1,115
Internet, telephone and fax	**2,274**	2,224
Vehicles and travel	**6,702**	6,764
Capital restructuring costs	**1,199**	–
Other	**20,530**	18,460
Total other expenses	**266,822**	242,791

Notes to the financial statements continued

7 Income tax expense

	2013 $000's	2012 $000's
(a) Income tax expense		
Current tax expense	**(22,647)**	(23,757)
Deferred tax benefit	**303**	1,999
Adjustments for current tax of prior periods	**790**	1,034
Income tax expense attributable to profit from continuing operations	**(21,554)**	(20,724)
Deferred income benefit/(expense) included in income tax expense comprises:		
Increase/(decrease) in deferred tax assets (note 17)	**28**	(116)
Decrease in deferred tax liabilities (note 21)	**275**	2,115
	303	1,999
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before related income tax	**57,347**	54,635
Income tax expense calculated at the Australian rate of tax of 30% (2012: 30%)	**(17,204)**	(16,391)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Entertainment	**(62)**	(45)
Research & development	**213**	109
Overseas withholding tax	**(986)**	–
Sundry items	**(57)**	(142)
	(892)	(78)
Tax effect of tax losses and temporary differences not recognised	**(3,124)**	(3,771)
Difference in overseas tax rates	**–**	(40)
Adjustments for prior periods	**(334)**	(444)
Income tax expense	**(21,554)**	(20,724)
(c) Tax relating to items of other comprehensive income		
Cash flow hedges	**(574)**	(1,636)
	(574)	(1,636)

(d) Tax consolidation legislation

Ricegrowers Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation as at 1 May 2004. The accounting policy in relation to this legislation is set out in note 1(o).

On adoption of the tax consolidation legislation as at 1 May 2004, the entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Ricegrowers Limited for any current tax payable assumed and are compensated by Ricegrowers Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ricegrowers Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The funding amounts are recognised as current intercompany receivables or payables.

7 Income tax expense (continued)

(d) Tax consolidation legislation (continued)

The Group has not recognised deferred tax assets for capital losses of $8,643,000 in Australia and the USA as the Group does not believe it is probable that taxable capital gains will arise against which capital losses can be utilised. The Group has also not recognised deferred tax assets for revenue tax losses of $8,245,000 in the USA as the Group considers it is inappropriate to recognise such deferred tax assets until such time as the Group begins to generate taxable income against which these losses can be utilised. The Group will reassess this position should conditions in the USA improve.

8 Cash and cash equivalents

	2013 $000's	2012 $000's
Cash at bank and on hand	**146,263**	29,170
	146,263	29,170

The Group manages its cash and borrowings on a net basis. At 30 April 2013, the Group had $146,263,000 (2012: $29,170,000) in cash at bank and on deposit. This needs to be off-set against total borrowings of $328,613,000 (2012: $203,426,000) and the amounts owing to RMB for equity certificates of $10,880,000 (2012: $18,759,000). At 30 April 2013, Net debt was $193,230,000 (2012: $193,015,000).

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	**146,263**	29,170
Less: Bank overdraft (note 19)	**(11,850)**	(18,167)
Balances per statement of cash flows	**134,413**	11,003

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

9 Receivables

Current		
Trade receivables	**120,207**	98,939
Provision for impairment of receivables (note a)	**(1,690)**	(347)
	118,517	98,592
Other receivables	**2,957**	4,904
GST receivable	**17,942**	12,729
Prepayments	**10,910**	8,052
	150,326	124,277

9 Receivables (continued)

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

	2013	2012
	$000's	$000's
1 to 3 months	**3,694**	50
3 to 6 months	**78**	48
Over 6 months	**143**	258
	3,915	356

Impaired receivables mainly relate to customers that are in unexpectedly difficult economic situations.

Included in the impaired receivables is an amount due from a customer who is owed $2m by the Group. The Group expects to apply this amount against the receivable.

Movements in the provision for impairment of trade receivables are as follows:

At 1 May	**347**	105
Provision for impairment recognised during the year	**1,538**	245
Receivables written off during the year as uncollectible	**(150)**	(15)
Foreign currency difference on translation	**(45)**	12
At 30 April	**1,690**	347

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

(b) Past due but not impaired

The ageing of trade receivables past due and not impaired is as follows:

Up to 3 months	**9,549**	19,821
3 to 6 months	**104**	800
	9,653	20,621

The other classes within receivables do not contain impaired assets and are not past due.

(c) Fair values

The Directors consider the carrying amount of trade receivables approximate their fair value.

(d) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

10 Inventories

	2013 $000's	2012 $000's
Raw materials	**327,040**	252,202
Finished goods	**111,977**	110,399
Packaging materials	**11,254**	10,091
Engineering and consumable stores	**6,093**	5,945
	456,364	378,637

11 Other financial assets

Other unlisted securities	**65**	76
	65	76

12 Derivative financial instruments

Current assets		
Forward foreign exchange contracts (cash flow hedges)	**4,517**	4,745
	4,517	4,745
Current liabilities		
Interest rate swaps (cash flow hedges)	**1,324**	1,007
Forward foreign exchange contracts (cash flow hedges)	**–**	220
	1,324	1,227

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies as set out in note 2.

(i) Interest rate swaps – cash flow hedges

The Group has entered into interest rate swap contracts that entitle it to receive interest at floating rates on notional principal amounts, and oblige it to pay interest at fixed rates on the same amounts. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and effectively swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Swaps currently in place cover 48.6% (2012: 43.7%) of the core debt and AGS bank loans. The fixed interest rates range between 2.93% – 4.98% (2012: 4.02% – 6.01%) and the variable rates are between 3.34% and 4.77% (2012: 4.42% and 7.5%).

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. There was no hedge ineffectiveness in the current or prior period.

12 Derivative financial instruments (continued)

(a) Instruments used by the Group (continued)

(ii) Forward exchange contracts – cash flow hedges

The Group enters into forward foreign exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a pre-determined exchange rate. The contracts are entered into to hedge certain firm purchase and sale commitments for the ensuing year denominated in foreign currencies.

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

(b) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of derivative financial assets mentioned above.

(c) Fair value measurements

The fair value of derivative financial instruments are determined based on dealer quotes for similar instruments.

13 Investments accounted for using the equity method

	2013	2012
	$000's	$000's
Shares in associates	**1,113**	834

Information relating to the associate is set out below.

Name of company	**Principal activity**	**Ownership interest**	
		2013	2012
Pagini Transport (incorporated in Papua New Guinea)	Transport	**28.85%**	31.56%

	Consolidated	
	2013	2012
	$000's	$000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**834**	785
Share of loss after related income tax	**(35)**	(85)
Gain on dilution of investment	**333**	–
Foreign currency difference	**(19)**	134
Carrying amount at the end of the financial year	**1,113**	834
(b) Share of associates' losses		
Loss before related income tax	**(35)**	(85)
Income tax benefit	**–**	–
Loss after related income tax	**(35)**	(85)

13 Investments accounted for using the equity method (continued)

(c) Summarised financial information of Pagini Transport (100%)

	Assets $000's	Liabilities $000's	Revenues $000's	Profits $000's
2013	**9,961**	**6,104**	**1,443**	**(113)**
2012	10,110	7,650	1,371	(269)

The associate operates on a non-coterminous year end of 31 December. The directors believe that the financial effects of any events or transactions since year end have not materially affected the financial position or performance of the associate.

14 Property, plant and equipment

	2013 $000's	2012 $000's
Freehold land		
At cost	**15,051**	15,034
	15,051	15,034
Buildings		
At cost	**184,540**	184,397
Less accumulated depreciation	**(68,887)**	(62,661)
	115,653	121,736
Leasehold improvements		
At cost	**11,532**	10,974
Less accumulated depreciation	**(4,296)**	(3,659)
	7,236	7,315
Plant and equipment		
At cost	**185,510**	184,841
Less accumulated depreciation	**(141,505)**	(135,432)
Under finance lease	**2,447**	2,285
Less accumulated depreciation	**(1,992)**	(1,431)
	44,460	50,263
Capital works in progress		
At cost	**2,810**	2,380
	185,210	196,728

14 Property, plant and equipment (continued)

Reconciliations

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

	Land & Buildings	**Leasehold Improvements**	**Plant & Equipment**	**Capitalised WIP**	**Totals**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Carrying amount at 1 May 2012	**136,770**	**7,315**	**50,263**	**2,380**	**196,728**
Additions	**79**	**40**	**3,757**	**9,146**	**13,022**
Recognition of finance lease	**–**	**–**	**160**	**–**	**160**
Capital works in progress reclassifications	**1,696**	**529**	**6,427**	**(8,652)**	**–**
Impairment	**(380)**	**–**	**(3,457)**	**–**	**(3,837)**
Transfers/disposals/scrapping	**–**	**(4)**	**(918)**	**(62)**	**(984)**
Depreciation expense	**(7,522)**	**(666)**	**(11,923)**	**–**	**(20,111)**
Foreign currency differences	**61**	**22**	**151**	**(2)**	**232**
Carrying amount at 30 April 2013	**130,704**	**7,236**	**44,460**	**2,810**	**185,210**

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	$000's	$000's	$000's	$000's	$000's
Carrying amount at 1 May 2011	138,248	6,697	60,654	705	206,304
Additions	5,153	25	2,855	6,278	14,311
Recognition of finance lease	–	–	150	–	150
Capital works in progress reclassifications	799	314	3,310	(4,423)	–
Impairment	(843)	–	(4,722)	–	(5,565)
Transfers/disposals/scrapping	–	–	(1,016)	(219)	(1,235)
Depreciation expense	(7,534)	(615)	(12,429)	–	(20,578)
Foreign currency differences	947	894	1,461	39	3,341
Carrying amount at 30 April 2012	136,770	7,315	50,263	2,380	196,728

The impairment in 2013 relates to the fixed assets at SunFoods in the U.S. and Aqaba Processing Company in Jordan. In 2012 the impairment related to fixed assets at the Aqaba Processing Company packing plant in Jordan, Ricegrowers Limited Specialty Rice Foods Plant at Leeton and the Riviana Foods Pty Ltd Rubens plant at Nerang.

The impairments arose due to trading performance and results in the relevant assets being recorded at fair value less costs to sell determined by independent valuers

Purchase of Rice Storage Assets

On 30 June 2006, Australian Grain Storage Pty Ltd, a controlled entity of Ricegrowers Limited, acquired the Rice Marketing Board's ("RMB's") network of rice receival and storage facilities for consideration of $125,771,312. Components of this purchase price are payable over a ten year period to assume the RMB's previous commitment to pay amounts owing to growers under the Capital Equity Rollover Scheme. The assets are pledged as security.

Repayment of the Capital Equity Rollover Scheme is interest free and is accounted for as government assistance with the face value of the scheme being matched against the unwinding of the interest expense.

14 Property, plant and equipment (continued)

Assets pledged as security

There are fixed and floating charges over fixed assets as disclosed in note 19.

15 Intangibles

	2013	2012
	$000's	$000's
Goodwill	**2,819**	2,819
Patents and brands	**8,278**	8,252
Less accumulated amortisation	**(5,425)**	(5,143)
	2,853	3,109
Software	**4,926**	3,811
Less accumulated amortisation	**(3,780)**	(3,040)
	1,146	771
Other	**1,000**	1,000
Less accumulated amortisation	**(367)**	(167)
	633	833
	7,451	7,532

	Goodwill	**Brands**	**Software**	**Other**	**Total**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Carrying amount at 1 May 2012	**2,819**	**3,109**	**771**	**833**	**7,532**
Additions	**–**	**–**	**1,111**	**–**	**1,111**
Amortisation charge	**–**	**(277)**	**(553)**	**(200)**	**(1,030)**
Disposals	**–**	**–**	**(186)**	**–**	**(186)**
Foreign exchange difference on translation	**–**	**21**	**3**	**–**	**24**
Carrying amount at 30 April 2013	**2,819**	**2,853**	**1,146**	**633**	**7,451**

	Goodwill	Brands	Software	Other	Total
	$000's	$000's	$000's	$000's	$000's
Carrying amount at 1 May 2011	3,169	5,326	1,183	33	9,711
Additions	–	–	2	1,000	1,002
Amortisation charge	–	(438)	(433)	(200)	(1,071)
Impairment	(352)	(1,882)	–	–	(2,234)
Foreign exchange difference on translation	2	103	19	–	124
Carrying amount at 30 April 2012	2,819	3,109	771	833	7,532

15 Intangibles (continued)

Goodwill is specific to each cash generating unit (CGU) and allocated as follows:

	2013 $000's	2012 $000's
Rice Milling and Marketing Global	**29**	29
Riviana Foods	**2,605**	2,605
CopRice	**185**	185
	2,819	2,819

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management for the forthcoming year. Cash flows beyond the 2013 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

	Growth Rate		Discount Rate	
CGU	**2013**	2012	**2013**	2012
	%	%	**%**	%
Rice Milling and Marketing Global	**1.0**	1.0	**10.0**	10.0
Riviana Foods	**1.0**	1.0	**10.0**	10.0
CopRice	**1.0**	1.0	**10.0**	10.0

The discount rates used are pre-tax and reflect risks relating to the CGU's.

16 Investment properties

	Consolidated	
	2013	2012
	$000's	$000's
At fair value		
Opening balance at 1 May	**1,200**	2,700
Net loss from fair value adjustment	**(50)**	(1,500)
Closing balance at 30 April	**1,150**	1,200

Valuation basis
The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The sole investment property, the Griffith site, was valued in 2013 by a certified practising valuer.

17 Deferred tax assets

	2013 $000's	2012 $000's
The balance comprises temporary differences attributable to:		
Provisions	**6,411**	5,057
Accruals	**1,273**	254
Depreciation	**6,570**	6,191
Foreign exchange	**16**	2,243
Inventories	**2,505**	2,344
Other	**77**	650
	16,852	16,739
Foreign exchange contracts	**–**	560
Interest rate swaps	**397**	137
Total deferred tax assets	**17,249**	17,436
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	**(2,729)**	(3,856)
Net deferred tax assets	**14,520**	13,580
Movements		
Opening balance at 1 May	**17,436**	16,888
Credited/(charged) to income statement	**28**	(116)
Foreign exchange differences on translation	**85**	293
(Charged)/credited to other comprehensive income	**(300)**	371
Closing balance at 30 April	**17,249**	17,436

18 Payables

	2013 $000's	2012 $000's
Current		
Trade and other payables	**84,740**	72,305
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	**2,340**	7,873
Total external trade payables	**87,080**	80,178
Amounts payable to Australian ricegrowers	**128,233**	107,649
	215,313	187,827
Non-current		
Trade and other payables	**1,355**	1,344
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	**8,540**	10,886
Total external trade payables	**9,895**	12,230
Amounts payable to Australian ricegrowers	**60,260**	25,368
	70,155	37,598

The RMB equity certificates are non-interest bearing and are repayable by 2016.

Notes to the financial statements continued

18 Payables (continued)

(a) Fair values
The Directors consider the carrying amounts of trade and other payables approximate their fair values.

(b) Risk exposure
Information about the Group's exposure to foreign exchange risk is provided in note 2.

19 Borrowings

	2013	2012
	$000's	$000's
Current		
Secured		
Net accrued interest and capitalised borrowing costs	**55**	–
Bank overdrafts	**11,850**	18,167
Bank loans	**171,011**	42,963
Lease liability (note 26)	**551**	798
	183,467	61,928
Non current		
Secured		
Bank loans	**145,010**	140,949
Lease liability (note 26)	**136**	549
	145,146	141,498

The Group manages its cash and borrowings on a net basis. At 30 April 2013, the Group had total borrowings of $328,613,000 (2012: $203,426,000) and the amounts owing to RMB for equity certificates of $10 880 000 (2012: $18,759,000). It also had $146,263,000 (2012: $29,170,000) in cash at bank and on deposit. This needs to be off-set against borrowings. At 30 April 2013 Net Debt was $193,230,000 (2012: $193,015,000).

(a) Significant terms and conditions of bank facilities
During the 2013 financial year, Ricegrowers Limited renegotiated its seasonal syndicated banking facility. The seasonal debt facility of $240m maturity date was extended to 31 March 2014. The core debt facility limit remains $80.0m (maturity date 15 December 2014). The total facility limit of $320.0m is the same as the prior year.

Riviana Foods Pty Ltd refinanced its seasonal and core debt facility with $40m seasonal debt maturing in March 2014 and $18m core debt maturing in June 2014. The facilities are secured by real property mortgages.

The bank loans, including overdrafts and other facilities, are secured by registered mortgages over all property, registered equitable mortgages over all assets of the Obligor Group (Note 33(b)), and a cross-guarantee between Ricegrowers Limited and Riviana Foods Pty Ltd. In addition, debt covenants apply to the above bank loans.

The Trukai banking facilities are secured by registered mortgages over real property and a registered equitable mortgage over all Trukai assets.

(b) Fair values
The Directors consider the carrying amounts of bank overdrafts and loans approximate their fair values.

19 Borrowings (continued)

(c) Carrying amount of all assets pledged as security

There is a fixed and floating charge over all fixed assets as described above.

(d) Risk exposure

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

	2013	2012
	$000's	$000's
The Group's bank loans are categorised as follows:		
Seasonal debt	**170,000**	42,173
Core debt	**102,021**	97,739
AGS debt	**44,000**	44,000
	316,021	183,912
Representing:		
Current bank loans	**171,011**	42,963
Non-current bank loans	**145,010**	140,949
	316,021	183,912

Seasonal debt

Seasonal debt represents borrowings used for the purpose of funding working capital requirements.

Core debt

Core debt represents borrowings used to fund fixed assets and investments.

AGS debt

The AGS debt represents loans to Australian Grain Storage Pty Ltd to pay the Rice Marketing Board as part of the acquisition of the RMB storage assets. This facility of $44m has a maturity date of 30 June 2014.

20 Provisions

	2013	2012
	$000's	$000's
Current		
Employee benefits (note 27)	**15,289**	11,715
Employee allowances	**153**	78
Directors' retirement benefits	**658**	718
	16,100	12,511
Non current		
Employee benefits (note 27)	**2,991**	3,586
	2,991	3,586

Notes to the financial statements continued

20 Provisions (continued)

(a) Aggregate employee entitlement benefits

Aggregate employee entitlements include benefits measured at present values of future amounts expected to be paid based on projected weighted average increase in wage and salary rates over an average period of 10 years.

(b) Fair values

The Directors consider the carrying amounts of provisions for employee entitlements, Directors' retirement benefits and other provisions approximate their fair values.

21 Deferred tax liabilities

	2013	2012
	$000's	$000's
The balance comprises temporary differences attributable to:		
Prepayments	**97**	54
Inventories	**1,785**	1,356
Depreciation	**(482)**	647
Foreign exchange	**341**	–
Other	**278**	–
	2,019	2,057
Foreign exchange contracts	**710**	1,799
Total deferred tax liabilities	**2,729**	3,856
Set-off of deferred tax liabilities pursuant to set-off provisions (note 17)	**(2,729)**	(3,856)
Net deferred tax liabilities	**–**	–
Movements		
Opening balance at 1 May	**3,856**	6,895
(Credited)/charged to income statement	**(275)**	(2,115)
Foreign exchange difference on translation	**22**	341
Charged/(credited) to other comprehensive income	**(874)**	(1,265)
Closing balance at 30 April	**2,729**	3,856

22 Contributed equity

(a) Share capital

Fully paid Ordinary B Class Shares	**107,819**	107,819

(b) Movements in ordinary share capital (B Class Shares):

Date	**Details**	**Number of shares**	**Issue price**	**$000's**
1 May 2011	Balance	54,701,988		104,256
29 July 2011	Dividend Reinvestment (i)	795,048	$3.36	2,671
5 August 2011	Share issue offer (ii)	265,356	$3.36	892
30 April 2012	**Balance**	**55,762,392**		**107,819**
30 April 2013	**Balance**	**55,762,392**		**107,819**

(b) Movements in ordinary share capital (B Class Shares): (continued)

B Class shares

B Class shares are non-voting shares with dividend rights.

(i) Dividend reinvestment

The Company has established a dividend reinvestment plan under which holders of B Class shares may elect to have all or part of their dividend entitlements satisfied by the issue of new B Class shares rather than by being paid in cash. This plan has been temporarily halted whilst the Company reviews its capital structure.

(ii) Share Issue Offer

On 6 July 2011, Ricegrowers Limited issued a prospectus for the issue of B Class shares to existing shareholders and RMB Equity holders. As at 27 July 2011 this resulted in 265,356 fully paid shares being issued at a price of $3.36. 190,960 ($641,627) were paid for from the conversion of RMB Equity and 74,396 shares ($249,970) were paid in cash.

A Class shares

A Class shares have no nominal value but are voting shares held by active growers only.

At 30 April 2013, 864 (2012: 889) A Class shares were on issue.

(c) Capital risk management

The Group's and Company's objectives when managing capital are to safeguard their ability to continue as a going concern, continue to grow the business, provide returns for shareholders and to maintain an optimal capital structure.

The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'borrowings' and 'RMB equity certificates' as shown in the balance sheet) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the balance sheet (including non-controlling interests).

Recent volatility in global financial markets has encouraged the Board to review its capital structure and reduce its level of gearing to more conservative levels. To this end the business will look to reduce its average level of gearing to below 30%.

The gearing ratios at 30 April 2013 and 30 April 2012 were as follows:

	Notes	2013	2012
		$000's	$000's
Total borrowings	19	328,613	203,426
Add: amounts owing to the RMB for equity certificates	18	10,880	18,759
Less: cash and cash equivalents	8	(146,263)	(29,170)
Net debt		193,230	193,015
Total equity		314,297	292,924
Gearing ratio		61%	66%
Average gearing ratio		43%	73%

23 Reserves and retained profits

	2013 $000's	2012 $000's
Reserves		
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(17,166)**	(16,825)
Hedging reserve – cash flow hedges	**811**	2,573
	17,015	19,118
Retained profits	**174,538**	152,310

(a) Movements

	2013 $000's	2012 $000's
Foreign currency translation reserve		
Balance 1 May	**(16,825)**	(19,157)
Net exchange difference on translation of overseas controlled entities	**(125)**	3,392
Non controlling interest in translation differences	**(216)**	(1,060)
Balance 30 April	**(17,166)**	(16,825)
Hedging reserve – cash flow hedges		
Balance 1 May	**2,573**	6,390
Revaluation and transfer to profit and loss – gross	**(1,913)**	(5,453)
Deferred tax	**574**	1,636
Non controlling interest in revaluation	**(423)**	–
Balance 30 April	**811**	2,573
Retained profits		
Balance 1 May	**152,310**	130,373
Net profit for the year	**32,265**	31,783
Dividends provided for or paid	**(10,037)**	(9,846)
Balance 30 April	**174,538**	152,310

(b) Nature and purpose of reserves

(i) Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(ii) General reserve
The general reserve has accumulated over prior periods with the purpose of retaining funds within the business.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(c). The reserve is recognised in profit and loss when the net investment is disposed of.

(iv) Hedging reserve – cash flow hedges
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(p). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

24 Franked dividends

	2013 $000's	2012 $000's
Dividend declared during the year ended 30 April 2013 of 18.0 cents (2012: 18.0 cents) per fully paid share	**10,037**	9,846

The dividend of $10,037,231 (2012: $9,846,358) relates to a dividend declared and paid in respect of the 2012 (2012: 2011) financial year and was fully franked.

The franked portions of the final dividend recommended after 30 April 2013 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 April 2014:

	2013 $000's	2012 $000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2012 – 30%)	**56,611**	46,837

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax,
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $5,496,578 (2012 – $4,301,670).

25 Contingencies

Contingent liabilities
The estimated maximum amounts of contingent liabilities not provided for in the financial statements of the Group as at 30 April 2013 are:

	2013 $000's	2012 $000's
Letters of credit	**2,069**	649
Guarantee of bank advances	**1,650**	1,586
	3,719	2,235

Notes to the financial statements continued

26 Commitments for expenditure

	2013 $000's	2012 $000's
(a) Capital commitments (property, plant and equipment)		
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	**4,381**	2,804
(b) Lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	**8,068**	8,357
Later than one year but not later than five years	**17,152**	18,672
Later than five years	**6,795**	6,524
	32,015	33,553
Representing:		
Cancellable operating leases	**32,015**	33,553
Commitments in relation to finance leases are payable as follows:		
Within one year	**586**	909
Later than one year but not later than five years	**141**	581
Minimum lease payments	**727**	1,490
less: future finance charges	**(40)**	(143)
Recognised as a liability	**687**	1,347
Representing lease liabilities:		
Current (note 19)	**551**	798
Non current (note 19)	**136**	549
	687	1,347

Refer to note 14 for the carrying value of assets under finance lease.

27 Employee benefits

(a) Employee benefits and related on cost liabilities

	2013 $000's	2012 $000's
Provision for employee benefits (note 20)		
Current	**15,289**	11,715
Non-current	**2,991**	3,586
Aggregate employee entitlement benefits	**18,280**	15,301

Employee numbers	**Number**	Number
Average number of employees during the year	**2,119**	1,858

(b) Superannuation plan/commitments

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

28 Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Subsidiaries

Name of entity	Country of Incorporation	Principal activities	Direct/indirect interest in ordinary shares/equity	
			2013	2012
			%	%
SunRice Trading Pty Ltd	Australia	Distribution of rice	**100**	100
SunFoods LLC	USA	Processing and distribution of rice	**65**	65
Rice Research Australia Pty Ltd	Australia	Research into rice growing	**100**	100
Australian Grain Storage Pty Ltd	Australia	Grain Storage Assets	**100**	100
SunRice Australia Pty Ltd	Australia	Marketing	**100**	100
Silica Resources Pty Ltd	Australia	Investment	**100**	100
Riviana Foods Pty Ltd	Australia	Importation/distribution of food products	**100**	100
Trukai Industries Limited	PNG	Distribution of rice	**66.23**	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	**66.23**	66.23
Rice Industries Limited	PNG	Property	**66.23**	66.23
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	**100**	100
SunArise Insurance Company Ltd	Bermuda	Insurance	**100**	100
Aqaba Processing Company Ltd	Jordan	Rice packing/storage	**80**	80
Sunshine Rice, Inc	USA	Marketing	**100**	100

Non-controlling interests

Outside equity interests hold 540,320 Ordinary shares in Trukai Industries Pty Ltd, being 33.77% of the ordinary issued capital.

Outside equity interests hold 6,000 Ordinary shares in Aqaba Processing Company Limited, being 20% of the ordinary issued capital.

Outside equity interests hold 35,000 units in SunFoods LLC, being 35% of the operation.

29 Related party transactions

(a) Parent entity

The ultimate parent entity and controlling party within the Group is Ricegrowers Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

29 Related party transactions (continued)

(c) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

	2013	2012
	$	$
Short term employee benefits	**4,794,066**	4,202,845
Post-employment benefits	**235,043**	195,256
Other long-term benefits	**603,015**	450,588
Share-based payments	**–**	–
	5,632,125	4,848,689

Detailed remuneration disclosures are provided in note 17 of the Directors report.

(ii) Share holdings

	Directors' and other KMP interests in A and B Class shares of Ricegrowers Limited			
Director	**2013**		2012	
	A Class Shares	**B Class Shares**	A Class Shares	B Class Shares
GF Lawson AM	**1**	**330,139**	1	330,139
DM Robertson	**1**	**224,539**	1	224,539
GA Andreazza	**1**	**80,279**	1	80,279
LJ Arthur	**1**	**233,818**	1	233,818
NG Graham	**1**	**100,897**	1	100,897
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**–**	**29,838**	–	29,838
AD Walsh	**3**	**500,350**	3	500,350

R Gordon and PM Margin do not hold any shares.

Former directors				
RA Higgins AO (Retired 24 August 2012)			–	31,436

	2013	2012
	B Class Shares	B Class Shares
Other Key Management Personnel		
M Bazley	**19,491**	19,491
B Hingle	**11,000**	11,000
D Keldie	**14,784**	14,784

Key management personnel not listed did not hold any shares.

29 Related party transactions (continued)

(c) Directors and other Key Management Personnel (continued)

(ii) Share holdings (continued)

The aggregate number of shares issued/(redeemed) to Directors of Ricegrowers Limited, their Director related entities and other Key Management Personnel during the year were:

Issuing entity	**2013**	2012
Ricegrowers Limited	**–**	28,619

All issues were made on terms and conditions no more favourable than those offered to other shareholders.

The aggregate number of shares held by Directors of Ricegrowers Limited, their related entities and other Key Management Personnel at balance date were:

Issuing entity	**2013**	2012
Ricegrowers Limited	**1,612,568**	1,644,004

Directors, their related entities and other Key Management Personnel received normal dividends on these ordinary shares.

(iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party

	2013	2012
	$000's	$000's
Purchases of rice from Directors	**5,726**	4,533
Purchases of grain and other inputs from Directors	**86**	93
Sale of inputs to Directors	**143**	196
Sale of stockfeed to Directors	**–**	30

There were no transactions with other Key Management Personnel.

30 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities

Profit for the year	**35,793**	33,911
Depreciation and amortisation	**21,141**	21,648
Loss on sale/disposal of property, plant and equipment	**500**	1,039
Fair value revaluation of investment property	**50**	1,500
Impairment of non-current assets	**3,837**	7,799
Share of associate's net loss	**35**	85
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	**(26,694)**	(1,379)
(Increase)/decrease in other operating assets	**(1,559)**	–
(Increase) in inventories	**(77,727)**	(22,163)
Increase in amounts payable to growers	**55,475**	20,274
Increase/(decrease) in trade and other creditors and employee entitlements	**16,141**	23,193
Increase/(decrease) in provision for income taxes payable	**506**	16,524
(Increase)/decrease in deferred tax balances	**(303)**	(1,950)
Net cash inflows from operating activities	**27,195**	100,481

31 Earnings per share

(a) Basic and diluted earnings per share

	2013	2012
	Cents	Cents
Basic and diluted earnings per share	**57.9**	57.3

(b) Reconciliation of earnings per share

	2013	2012
	$000's	$000's
Profit for the year	**32,265**	31,783

(c) Weighted average number of shares used as a denominator

	2013	2012
	000's	000's
Weighted average number of B Class shares	**55,762**	55,499

32 Subsequent events

On 27 June 2013 the Directors declared a fully franked final dividend of 23 cents per share. The financial impact of this dividend will be recognised in the 2014 financial statements.

The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

33 Parent entity information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2013	2012
	$000's	$000's
Balance sheet		
Current assets	**662,666**	458,394
Total assets	**763,184**	561,407
Current liabilities	**389,395**	226,199
Total liabilities	**533,696**	336,077
Shareholders equity		
Issued capital	**107,819**	107,819
Reserves		
General reserve	**18,657**	18,657
Hedging reserve – cash flow hedges	**368**	2,979
Retained earnings	**102,644**	95,875
	229,488	225,330
Profit for the year	**16,807**	28,145
Total comprehensive income	**14,196**	24,377

33 Parent entity information (continued)

(b) Guarantees entered into by the parent entity

	2013 $000's	2012 $000's
Carrying amount included in current liabilities	–	–

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank loans, foreign exchange facilities and bank overdrafts for the following subsidiaries which together with the parent entity comprises the Obligor Group:
– Riviana Pty Ltd
– Rice Research Australia Pty Limited
– Solomons Rice Company Limited
– Sunshine Rice Inc.

No liability has been recognised at balance date.

(c) Contingent liabilities of the parent entity

	2013 $000's	2012 $000's
Letters of credit	2,069	–
Guarantee of bank advances	692	692
	2,761	692

(d) Contractual commitments for the acquisition of property, plant and equipment

As at 30 April 2013, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $2,162,000 (30 April 2012 – $846,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

34 Segment information

Business segments

The following reportable segments have been identified based on a product/service perspective determined by the Corporate Management Team.

Rice Milling & Marketing Australian Rice (RM&M Au Rice – Paddy Pool)
The milling, marketing and distribution of rice from Australian sources through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economies of the business.

Rice Milling & Marketing Global (RM&M Global)
The milling, marketing and distribution of rice from all other sources through intermediaries to consumers, food services and processing customers where the economics of the business reflects profit generated as a result of managing supply and demand.

Riviana Foods (Riviana)
The importation, manufacture, distribution and sales of consumer food products to intermediaries.

Australian Grain Storage (AGS)
The receival and storage of paddy rice and non-rice grain in Australia.

CopRice
The manufacture, distribution and sales of petfood and stock feed products through intermediaries to consumers and primary producers.

All other segments.
Other includes Operating Segments beneath the disclosure threshold.
This includes rice flour, rice cakes, microwave rice, microwave meals, interest, and asset finance charges.

Notes to the financial statements continued

34 Segment information (continued)

Business segments (continued)

The Corporate Management Team evaluates results based on contributed NPBT which is defined as net profit before tax and intersegment eliminations.

Interest allocations to CopRice, RM&M Global, RM&M Au Rice and the 'other' segment are based on a computation of working capital and fixed capital employed multiplied by Ricegrowers Limited's variable interest rate on seasonal borrowings. This finance charge is designed to reflect the true cost of capital employed in each segment.

Sales between segments are carried out at arms length and are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements. Other revenue refers to management fees, dividends and sale of corporate assets. The segment result includes an asset financing charge that is allocated to the appropriate segment.

The following table sets forth the segment results for the year ended 30 April 2013.

	RM&M Au Rice – Paddy Pool	RM&M Global	Riviana	AGS	CopRice	All other segments	Total
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Total segment revenue	531,255	391,947	147,875	63,550	109,875	80,069	1,324,571
Inter-segment revenue	(193,550)	(5,171)	–	(63,543)	–	(376)	(262,640)
Revenue from external customers	337,705	386,776	147,875	7	109,875	79,693	1,061,931
Other revenue							6,303
Total revenue from continuing operations							1,068,234
Contributed EBIT	22,203	41,332	18,011	13,955	14,309	15,830	125,640
Finance expense (net)	(7,351)	(2,306)	(1,556)	(1,984)	(1,270)	4,267	(10,200)
Centralised corporate services	(21,334)	(14,955)	(6,679)	–	(4,293)	(3,996)	(51,257)
Impairment of assets	(405)	(3,240)	–	–	–	(192)	(3,837)
Fair value adjustment	(50)	–	–	–	–	–	(50)
Capital restructuring costs	–	–	–	–	–	(1,199)	(1,199)
Other (expenses)/income	6,937	1,729	(27)	(8,471)	(44)	(536)	(412)
Contributed NPBT	–	22,560	9,749	3,500	8,702	14,174	58,685
Intersegment eliminations							(1,338)
							57,347
Depreciation and amortisation	(5,331)	(3,586)	(1,848)	(6,919)	(1,221)	(2,236)	(21,141)
Acquisitions of property, plant and equipment	4,576	3,768	1,638	814	1,303	923	13,022
Segment assets	537,019	81,935	123,373	102,065	33,390	39,411	917,193
Intersegment eliminations							(110,997)
Cash							146,263
Deferred tax assets							14,520
Total assets							966,979
Segment liabilities	303,178	22,524	23,753	43,545	6,760	15,054	414,814
Intersegment eliminations							(108,931)
Current tax liability							18,186
Deferred tax liabilities							–
Borrowings							328,613
Total liabilities							652,682

34 Segment information (continued)

Business segments (continued)

Revenues of approximately $100,627,000 (2012: $101,676,000) are derived from a single external customer. These revenues are attributable to the RM&M Au Rice, RM&M Global and Riviana segments.

The following table sets forth the segment results for the year ended 30 April 2012.

	RM&M Au Rice – Paddy Pool	RM&M Global	Riviana	AGS	CopRice	All other segments	Total
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Total segment revenue	452,108	356,375	146,109	60,164	97,997	77,768	1,190,521
Inter-segment revenue	(131,464)	(6,300)	–	(55,417)	–	(398)	(193,579)
Revenue from external customers	320,644	350,075	146,109	4,747	97,997	77,370	996,942
Other revenue							3,428
Total revenue from continuing operations							1,000,370
Contributed EBIT	38,300	31,013	16,324	13,224	14,647	14,288	127,796
Finance expense (net)	(5,661)	(2,900)	(1,848)	(1,993)	(1,627)	(1,758)	(15,787)
Centralised corporate services	(18,454)	(12,668)	(4,157)	–	(4,350)	(1,865)	(41,494)
Impairment of assets	(3,542)	(1,882)	(570)	–	–	(1,805)	(7,799)
Fair value adjustment	(1,500)	–	–	–	–	–	(1,500)
Other (expenses)/income	6,858	(240)	(139)	(7,732)	(18)	(1,213)	(2,484)
Contributed NPBT	16,001	13,323	9,610	3,499	8,652	7,647	58,732
Intersegment eliminations							(4,097)
Profit before income tax							54,635
Depreciation and amortisation	(5,949)	(3,408)	(1,628)	(6,922)	(1,384)	(2,358)	(21,649)
Acquisitions of property, plant and equipment	3,419	2,262	6,268	1,016	538	808	14,311
Segment assets	459,805	96,549	89,091	111,858	31,837	45,990	835,130
Intersegment eliminations							(91,931)
Deferred tax assets							13,580
Total assets							756,779
Segment liabilities	202,705	26,031	27,360	55,748	3,607	16,553	332,004
Intersegment eliminations							(89,255)
Current tax liability							17,680
Deferred tax liabilities							–
Borrowings							203,426
Total liabilities							463,855

34 Segment information (continued)

Other segment information – geographical areas

2013	Australia $000's	PNG $000's	Other $000's	Total $000's
Revenues from external customers	**341,155**	**275,455**	**445,321**	**1,061,931**

2012	Australia $000's	PNG $000's	Other $000's	Total $000's
Revenues from external customers	343,638	241,506	411,798	996,942

Segment revenues are allocated based on the country in which the customer is located.

The total of non-current assets other than deferred tax assets located in Australia is $158,619,000 (2012: $189,654,000) and the total of these non-current assets located in other countries is $36,370,000 (2012: $16,716,000). Segment assets are allocated to countries based on where the assets are located.

35 Remuneration of auditors

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

	2013 $	2012 $
(a) Assurance services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm	**271,500**	270,500
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**122,194**	137,422
Fees paid to non-PricewaterhouseCoopers audit firm	**13,298**	13,107
Total remuneration for audit services	**406,992**	416,029
(b) Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	**5,150**	5,000
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**–**	–
Total remuneration for other assurance services	**5,150**	5,000
Total remuneration for assurance services	**412,142**	421,029
(c) Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm*	**397,350**	200,885
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**42,807**	38,003
Total remuneration for taxation services	**440,157**	238,888

It is the consolidated entity's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the consolidated entity are important. These assignments are principally tax advice or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the consolidated entity's policy to seek competitive tenders for all major consulting projects.

*2013 includes $167,160 relating to tax advice associated with the capital structure review which is included in the capital restructuring costs of $1,199,000 in note 6.

pwc

Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the consolidated balance sheet as at 30 April 2013, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Ricegrowers Group Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

pwc

Auditor's opinion

In our opinion

a) the financial report of Ricegrowers Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and

b) the financial report and notes comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in paragraphs 17 and 18 of the directors' report for the year ended 30 April 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2013, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Ricegrowers Limited (the company) for the year ended 30 April 2013 included on Ricegrowers Limited web site. The company's directors are responsible for the integrity of the Ricegrowers Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration 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 audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

S J Bourke
Partner

Sydney
27 June 2013

Corporate Directory

SUNRICE

REGISTERED OFFICE
NIP 37 Yanco Avenue, Leeton NSW 2705 Australia
Locked Bag 2, Leeton NSW 2705
Tel 02 6953 0411 Fax 02 8916 8360

RICE MILLS
Coleambally, Deniliquin, Leeton, Lae and Aqaba

MARKETING OFFICES
Sydney
Level 2, 66 Clarence Street, Sydney NSW 2000
PO Box Q166, QVB Post Shop NSW 1230
Tel 02 9268 2000 Fax 02 8916 8360

Jordan
Aloz Street
Al-Mokablein
Amman, Jordan
Tel + 962 6 420 6825 Fax + 962 6 420 6832

Singapore
51 Newtown Road, # 08-04, Goldhill Plaza,
Singapore 308900
Tel +65 6352 1768 Fax +65 6352 1292

Japan
Australian Ricegrowers
Level 2, Cross Point Building
3-29-1 Ebisu, Shibuya-ku, Tokyo 150-0013 JAPAN
Tel +813 3448 1930 Fax +813 3448 1930

COPRICE FEEDS
Railway Avenue, Leeton NSW 2705
Locked Bag 2, Leeton NSW 2705
Tel 02 6953 0422 Fax 02 6953 2776

COPRICE FEED MILLS
Leeton, Tongala, Cobden

SUBSIDIARIES

Riviana Foods Pty Ltd
8 Lakeview Drive, Scoresby VIC 3179
PO Box 1600, Ferntree Gully VIC 3156
Australia
Tel 03 9212 6000 Fax 03 9212 6099

Trukai Industries Limited
Mataram St Lae MP 411
Papua New Guinea
PO Box 2129, Lae MP 411
Tel +675 472 2466 Fax +675 472 6073

Solomons Rice Company Limited
Trading as Solrice
PO Box 5, Honiara
Solomon Islands
Tel +677 30826 Fax +677 30825

SunFoods LLC
1620 E. Kentucky Avenue
Woodland
California
USA
Tel +1 530 661 1923 Fax +1 530 662 6058

Aqaba Processing Company
Aloz Street
Al-Mokablein
Amman, Jordan
Tel + 962 6 420 6829 Fax + 962 6 420 6832

Ricegrowers Limited
ABN 55 007 481 156

This page has been intentionally left blank

sunrice.com.au