



Stephanie Rice, triple Olympic gold medallist and recently appointed SunRice brand ambassador



Contents

3	About SunRice
5	Business Highlights
6	Chairman's Message
8	CEO's Message
10	SunRice Around the World
13	Our Operations
15	Our People & Culture
16	Our Growers
18	Our Subsidiaries
20	CopRice
22	Our Community, Environment & Workplace
26	Board of Directors
28	Corporate Management Team
30	Corporate Governance
32	Directors' Report & Financial Report
88	Independent Audit Report to the Members of Ricegrowers Limited

About this Report

SunRice's Full Year Report and Financial Report can be viewed or downloaded from SunRice's website, www.sunrice.com.au. In this report, 'the year', 'this year', '2008/09', 'crop year 2008', 'CY08' all refer to the Financial Year ended 30 April 2009.



Today, our operations extend to the USA, the Middle East, the Solomon Islands and Papua New Guinea.

SunRice is continuing on its journey to become The World's Favourite Rice Food Company, supplying high-quality and innovative rice food products to approximately 60 countries around the world.

A wholly owned Australian company, SunRice is anchored in regional New South Wales and operates state-of-the-art processing facilities that mill and pack rice and rice flour, and manufacture rice cakes and specialty rice food.

Today, our operations extend to the USA, the Middle East, the Solomon Islands and Papua New Guinea. Our strong portfolio includes Trukai Industries, Riviana Foods, Australian Grain Storage (AGS), and animal feeds division CopRice.

SunRice's proud history dates back to the establishment of Ricegrowers' Co-operative Mills Limited in 1950. Despite the challenging current environment, SunRice continues to be a successful, dynamic and innovative rice food company. We remain committed to helping sustain our regional communities, and aim to return to full production in Australia when the drought breaks.

Our Corporate Goals

- To deliver unbeatable products and services
- To have leadership that inspires and rewards excellence
- To have winning business relationships
- To grow through imagination and audacity
- To understand our responsibility to achieve financial targets
- To have simple and effective systems and processes
- To be responsible corporate citizens

Our Corporate Values

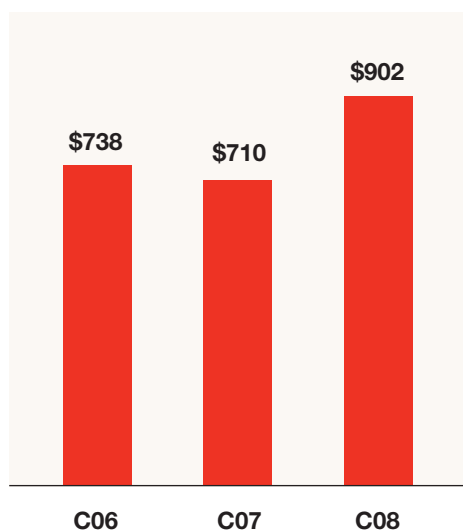
- Integrity in all we do
- Passion for the business
- Learning and its rapid conversion to action
- Single-minded commitment to achieve our stated goals



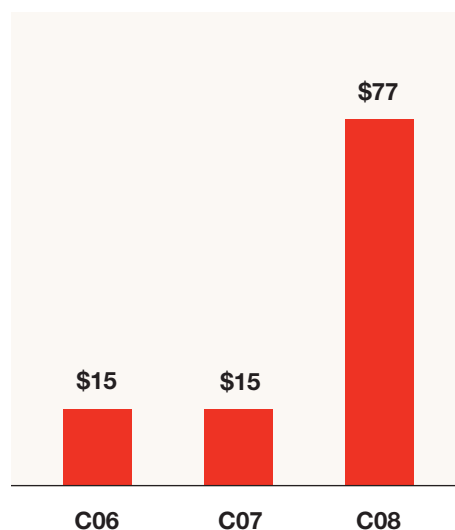


Business Highlights

Revenue (millions)



Net Profit (millions)



Net profit of \$76.8 million, a growth of 413% over last year

Revenue of \$902 million, up by 27%

A fully franked dividend of 22.5 cents per B Class Share

Record paddy price of \$450 per tonne paid to growers

SunRice acquires 65% share of SunFoods in California, USA

Market leadership and strong growth across expanding rice food categories

Strong performance by subsidiaries and global trading

Chairman's Message

Gerry Lawson



SunRice delivered an outstanding financial performance for the 2008/09 year: record consolidated revenue of \$902 million, a record net profit of \$76.8 million, a record paddy price of \$450 per tonne and, declared a fully franked dividend of 22.5 cents per share for the first time. This was achieved despite a continuing severe drought in the Riverina and tightening medium grain rice supplies around the world.

This strong financial performance was built on a strategic mix of global trading, expanding rice food business, profitable investments in Riviana and CopRice and lower operating costs. The strategic acquisition of a 65 percent share in rice milling and marketing business SunFoods in California, USA, gave us a foothold in one of the few reliable medium grain markets in the world, at a time of turmoil on world medium grain markets. Our new Californian operation and our global trading activities were instrumental in ensuring supply was maintained to our most critical markets.

Disappointingly, the drought continued its grip on our rice growing region and few growers were able to take advantage of the high prices being paid for medium grain rice. Just 200 growers on 207 farms grew rice in 2008/09, which resulted in a harvest of only 65,922 tonnes. It remains a small fraction of our normal one million tonne crop. SunRice will pay a new record price for medium grain paddy of \$550 per tonne for the 2009 crop.

Capital Raising Program

SunRice recently issued a prospectus inviting RMB Equity Holders to convert all of their equity into a combination of B Class Shares and an upfront cash payment. This offer was in addition to our annual Dividend Reinvestment Plan and Rice Bond Conversion programs. These conversions have the potential to unlock significant capital, while giving our shareholders the opportunity to strengthen their investment in SunRice. Interest at grower meetings was high, and we are hoping for a strong response.

In 2008, our A Class Shareholders also gave their support to an Employee Share Plan, allowing SunRice employees and Independent Directors to acquire B Class Shares.

Global food crisis

2008 was an extraordinary year for the world in many ways – the global financial crisis has had a tremendous impact on many countries and communities. This was also a watershed year for diminishing global food and rice supply. Rice prices increased by up to 300 percent, and communities that rely on rice as a key food – an estimated 50 percent of the world's population – were heavily impacted as a result.

We have pointed to the critical levels of global rice stocks over many years. This price and supply disruption brought the global food security debate to centre stage and we believe that this issue will remain a key one for the next decade.

Australian growers have a role to play in feeding the world and to apply their water to food production. In addition to our support of the Ricegrowers' Association of Australia, in 2008 SunRice became a sponsor of the RAMROC Water4Food initiative. We are very pleased to see local government taking up the challenge and highlighting the importance of food production to both governments and the community.

Water reform challenges

At a time of prolonged drought, the Federal Government's Water Buyback Scheme and other state-based initiatives created strong demand for the permanent purchase of water entitlements this year.

We have seen a significant volume of water sold from the Riverina – water that could have been used to grow food in future years. This is of grave concern to us, but it is no surprise given the severe hardship many landholders are experiencing.

We maintain there are better ways for governments to replenish the river system, without the severe and unintended social and economic consequences that result from stripping water out of regional communities.

Australian growers have a role to play in feeding the world and to apply their water to food production. SunRice will pay a new record price for medium grain paddy of \$550 per tonne for the 2009 crop.

Investment in water efficiency improvements on farm – boosting production, while reducing water use – is a clear and tangible win for both food production and the environment, yet it remains under-resourced. Likewise, research and development in the critical areas of water efficiency and yield must continue.

2008 also saw the establishment of the Murray-Darling Basin Authority (MDBA). We continue to advocate for stronger stakeholder consultation in the development of the MDBA Plan, to ensure the right balance is struck between food production and other water uses. The appointment of Les Gordon and Dick Thompson to the Basin Community Committee is a positive step forward.

Sincere appreciation

I would like to take this opportunity to recognise and thank my fellow Board members and in particular my Deputy Chairman, Mark Robertson. Their commitment to sharing knowledge and expertise for SunRice and our shareholders is unwavering.

I also thank our Chief Executive Officer, Gary Helou, who continued to provide strong and effective leadership in 2008/09 and the Corporate Management Team and all SunRice employees for their ongoing passion and commitment to the business.

I would also like to thank Noel Graham, Chairman of the Rice Marketing Board, and Les Gordon, President of the Ricegrowers' Association of Australia Inc., for their significant contribution to the industry.

My sincere thanks to Ian Macdonald MLC, NSW Minister for Primary Industries, for his continued support. Thanks also to Federal Minister for Agriculture, Fisheries and Forestry, Tony Burke MP, Kay Hull MP (Federal Member for Riverina), Sussan Ley MP (Federal Member for Farrar), Adrian Piccoli MLA (NSW Member for Murrumbidgee), John Williams MLA (NSW Member for Murray-Darling) and Tony Catanzariti MLC.

On a final note

SunRice is a strong, successful company that remains well positioned for the future. Consumers, the world over, prefer Australian rice. It is extremely important that our growers return to growing rice as soon as conditions improve. Our people, our premium products and brands, our focus on global trading and consumer rice food businesses and our strong relationships and alliances will continue to provide strong returns to both rice growers and shareholders. We look forward to a successful 2009/10.



Gerry Lawson
Chairman

CEO's Message Gary Helou



Despite a record low Australian crop and volatile international rice markets, SunRice posted strong growth in revenue and earnings. In the 12 months to 30 April 2009, our consolidated revenue grew by 27% from \$710 million to \$902 million. Our net profit was \$76.8 million compared to last year's \$15 million, an increase of 413% – representing an earnings per share of \$2.13. SunRice also paid its growers a record price of \$450 per paddy tonne, compared to last year's \$328 per paddy tonne, and for the first time announced a fully franked dividend of 22.5 cents per B Class Share.

The ingredients for this year's success are a combination of the following – global trading, an expanding rice food business base, strong performance by subsidiary companies, and ongoing cost reductions. Our operations span three continents and our product range crosses into an expanding and fast growing rice food market. Our brands are strong as reflected by their dominant market and category leadership positions. Our subsidiaries, Trukai, SunFoods, SolRice, Riviana, and our CopRice division, continue to deliver superior growth and return on investment.

Importantly, our talented people in Australia and the world over, continue to rise to the challenges of increasingly competitive and volatile markets by creating and delivering superior product ideas and consumer value. We have the right people and the right strategies to ensure continued growth and success.

Marketing

Global trading performed strongly in sourcing, processing and shipping high-quality rice from multiple sources to supply SunRice's markets in Australia and around the world. The seamless integration of the Global Trading Team into our supply chain systems ensured ongoing product availability in a period of increasingly turbulent and volatile world supply.

In Table Rice we upgraded our packaging design and format to enhance brand visibility and improve on-shelf differentiation. All over the world, SunRice brands continue to stand out on retail shelves as we define an expanding range of varieties, size and value.

We appointed triple Olympic gold medal winner Stephanie Rice as our new brand ambassador. We also commenced an important partnership with UNICEF, which will see us work together to eliminate measles and control hepatitis B through an immunisation program that covers 900,000 children in our neighbouring Pacific Islands.

The Microwave Rice category continues to grow in volume and market share. In Australia, SunRice is the market leader in what continues to be the fastest growing retail segment. Flavour and packaging developments helped improve product acceptance, including variety and value, across several market sectors. In the snacking segment, SunRice Rice Cakes continue to lead the Australian market with exciting initiatives in flavour, grain formulation and packaging innovation.

In the Middle East, Asia and the Pacific, the market share of our brands continues to grow as we successfully expand product range in key markets. Many new products were launched, including rice cakes and rice meals into New Zealand, Asia and the Middle East.

Trukai Industries, our rice company in Papua New Guinea (PNG), maintained strong rice sales despite the sharp rise in world rice prices. The Trukai and Roots brands continue to benefit from a wide range of marketing promotions enhancing our customer franchise across the nation. Trukai is engaged with the wider PNG community through a number of activities including sports, education and agricultural projects.

CopRice, our stockfeed and companion animal feed business, delivered a sound profit result despite the ongoing drought and the recent downturn in the Australian dairy sector. Our focus on serving higher value-add market segments and specialty extruded products helped offset the drought-impacted bulk stock food sales. Companion animal feed performed strongly, particularly in the dry extruded pet and horse categories as well as with its leading brand, Max's Cat and Pet Litter.

Despite a record low Australian crop and volatile international rice markets, SunRice posted strong growth in revenue and earnings.

Riviana Foods, with its flagship Always Fresh brand, posted another record revenue year despite the intensifying competition from private labels. Always Fresh continues to define and grow the contemporary entertaining food and snacking occasion category, by innovating across a wide range of products, from olives to premium rice crackers. The Food Service market continues to be successful and is an important source of revenue and profit growth.

Operating excellence

2008/09 was another drought-impacted year in our Riverina region. Further downscaling of paddy handling and milling infrastructure took place to mitigate the impact of another low crop year. SunRice retained core technical and processing skills so we have the flexibility to re-start operations at these sites when the Riverina returns to producing a normal rice crop.

Specialty Rice Food Group facilities, which include rice cakes and microwave rice products, continued to deliver higher efficiencies during a period of strong sales growth. This has the impact of improved product availability and overall business unit profitability.

The Supply Chain Team had another very successful year in dealing with the increasingly complex task of procurement, transport and warehousing of rice products from multiple sources and destinations. Our Global Quality Team was a key resource that partnered

the Supply Chain Team to ensure the highest quality product was sourced, processed and delivered to all our markets.

Australian Grain Handling (AGS) has been given the expanded business scope to include the supply of storage and logistics services to the wider grain sector in the Riverina region. This will be a new source of revenue and profit.

The SunRice Six Sigma program continues to be an important methodology to drive productivity and efficiency in all operating units, with a particular emphasis on the Specialty Rice Food Group, Trukai and CopRice.

Our people

Our SunRice organisational objective is to build the best rice-food team by building and fostering a culture that encourages collaboration, innovation and leadership. Our people continue to display creativity and enterprise in fast moving consumer markets across various food categories the world over.

The SunRice Employee Awards acknowledge and reward our best individual and team achievements. Very warm congratulations to this year's winner of the Employee of the Year Award, Phillip Williams, for his great contribution to many technical and product innovation initiatives.

The future

Our people, our brands and our global alliances and relationships continue to underpin our future plans to become the world's favourite rice food company. We aim to keep improving to become stronger for our shareholders.

I sincerely thank my Chairman, Gerry Lawson, and the Board of Directors for their continued leadership and steadfast support of the many initiatives across the business. I also acknowledge and thank my Corporate Management Team and all our employees for their hard work and great contribution over the last year.



Gary Helou
CEO

SunRice Around the World



Australia and New Zealand

Table Rice

SunRice consolidated its position in the Table Rice category, maintaining branded share with the supermarkets and independent trade in Australia and New Zealand.

New packaging and design, combined with effective promotional activities and innovative in-store marketing initiatives, means SunRice remains the dominant rice brand on all supermarket shelves in Australasia.

Microwave Rice

We have maintained our position as market leader in Microwave Rice – one of the fastest growing supermarket categories in the world today.

The Microwave Rice category performed solidly in 2008/09. Our Microwave Plain Rice product range grew by 60 percent. We added to the range this year by launching a family pack and exciting new flavours, which have proven very successful in the competitive convenience foods marketplace.

The success of our Microwave Rice range was given a boost by a Brand Power television advertising campaign, announcing the launch of our new pack formats and flavours.

Ready-To-Go Meals

The excitement surrounding this new category created a great platform to launch our new range of Ready-To-Go Meals. The SunRice Thai Green and Red curries were an immediate success. SunRice built on this success by adding Chinese Sweet and Sour and Thai Mussaman Curry to the range.

Our entry into the Ready-To-Eat category allowed us to draw on our experience in microwavable rice and apply it to an exciting new pasta range. We launched two microwave flavoured pasta products and Moroccan Cous Cous, adding to our position in the convenience foods platform.

Rice Cakes

Rice Cakes had another solid year with the launch of the new 5 Grains Rice Cake, which is our entry into functional rice cakes.

Marketing

Two major marketing activities dominated our year. The new television commercial featuring our new brand ambassador, triple Olympic gold medal winner Stephanie Rice, went to air around Australia. We also commenced our sponsorship of the United Nations Children's Fund's (UNICEF) Pacific Program.



The partnership involves SunRice helping fund UNICEF child immunisation projects in the Pacific Islands, and the development of initiatives to encourage schools to raise awareness and contribute to this worthwhile cause. Visit www.sunricedifference.com.au for more information.

Middle East

SunRice competitively positioned the Sunwhite brand into all Middle East markets by leveraging a successful trading program with our new SunFoods business in the USA.

Exciting new rice foods were launched under the Sunwhite umbrella, including Sunwhite Basmati, Parboiled and Jasmine. The new platform has allowed the brand to command a larger share of supermarket shelves while providing the opportunity to promote a product range rather than a single product.

The Middle East business launched a range of rice cakes and microwave rice meals. Unique flavours specific to the region were developed and we've been pleased by the positive response from our consumers.

Our processing plant in the gulf of Aqaba, Jordan, was busy all year packing Sunwhite and Harvest products for our Jordanian, Syrian and Iraq markets.

Pacific

Despite challenging economic times in the Pacific, our Island Sun and Sunwhite brands maintained a solid market share. To strengthen our market position, we established new sources of supply, updated our packaging and engaged in innovative promotional activities.

The new UNICEF partnership demonstrates our commitment to strengthening our relationship with the region.

Asia

SunRice traded strongly in the Singapore market with the Kangaroo brand. Our business in Hong Kong continued to be well represented in all major supermarket chains in the region. SunRice made branded sales in the Philippines, and Indonesia, utilising our USA subsidiary, SunFoods.



To support and strengthen global trading, the Operations Group broadened its base to ensure all facilities gain the benefits of being part of the global business.

SunRice Operations faced another challenging year in 2008/09. As a consequence of the ongoing drought, a reduced milling configuration was maintained at our Leeton rice mill.

World-class facilities

Despite the downscaling, we continue to ensure facilities are at world-class standards. This includes our latest international acquisition of SunFoods in the USA where the rice mill has been significantly upgraded to maximise its operational capacity.

To support and strengthen global trading, the Operations Group has broadened its base to ensure all facilities gain the benefits of being part of the global business.

Speciality Rice Food Group

Through ongoing process improvement and increased demand for products, the Specialty Rice Food Group continued to strengthen its position in the manufacturing of rice cakes and microwave products. The improvements will underpin the long-term success of these products in the very competitive nutritional snacks and convenience foods markets.

Best practice for our people

SunRice has a key focus on creating a safe and healthy working environment, and is committed to the prevention of all workplace injuries. We continue to drive our Safety, Health and Environment (SHE) program in Australia and throughout our global operations.

Our employees have been involved in successfully rolling out best practices across all disciplines of our global operations, demonstrating our commitment to a safe and healthy working environment.

Supply chain management

The Supply Chain Group has continued to build on last year's excellent work in reconfiguring both domestic and international supply channels. By building synergies across the Group, we were able to use our combined strengths to get the most competitive costs for the benefit of all. This was achieved while continuing to maintain excellent customer service performance.

Quality

SunRice's International Quality Team has set benchmark standards to ensure we maintain our strict quality standards for all products, regardless of where they are sourced. The Team is working closely with all our businesses, both domestically and globally, to guarantee the ongoing supply of the highest quality products.

Phillip Williams, winner of this year's SunRice Employee of the Year Award, is congratulated by CEO Gary Helou at the Employee Awards annual celebration in Leeton



Simon McClure-Roberts and Troy Pearce take a break



Livia Richards checks pallet details

Our People & Culture

A new-look SunRice Employee Awards Program was launched to recognise that employees across all sites, across all work groups and across all levels, continue to deliver exceptional performance and grow, adapt and change our business.

We continue to build a culture that encourages collaboration, innovation and leadership. Our highest priority is to provide a safe workplace and opportunities for our employees to develop their skills.

Developing our people

SunRice's aim is to have high-quality leaders and people with the right skills, working safely and effectively to achieve our business outcomes. In 2008/09 we focused on culture, leadership and performance. Our Personal Effectiveness Leadership Program is designed to take SunRice forward and enhance performance management, innovation, reward and recognition, and business improvement for our frontline managers.

Restructuring and downsizing

This year, for our industry and our Riverina regional locations, the size of the 2008 crop has resulted in further reductions in SunRice regional employment. Significant reductions in local milling volumes have caused further redundancies in manufacturing and supply chain roles.

The wellbeing of our employees and their families is of paramount importance to SunRice. We care deeply about the impact the downsizing has had on employees personally, for their families and for the communities they support. This year, as in every other year since 2000, we have provided a full range of support services, and paid all benefits and entitlements in full, to employees leaving SunRice.

Rewarding and recognising our people

During the year, more than 75 of our employees achieved significant service milestones, ranging from five to 30 years of continuous employment. Team-based award ceremonies were held to recognise the dedication and commitment these employees have demonstrated over many years.

SunRice Employee Awards

A new-look SunRice Employee Awards Program was launched to recognise that employees across all sites, across all work groups and across all levels, continue to deliver exceptional performance and grow, adapt and change our business.

New award categories – the Individual Service and Down to Business Award, and the Business Improvement and Innovation Award – were introduced to better reflect the different contributions our people make.

From product development to improved supply chain solutions, our CY08 winners all demonstrated commitment and initiative. Congratulations to our winners, listed below:

Individual Service and Down to Business Award

Awarded to Troy Pearce, Packing Plant Operator, Specialty Rice Food Group; and Ralph Fonte, Leading Hand, Small Packs, CopRice Leeton.

Business Improvement and Innovation Award

Awarded to Simon Spiers, Continuous Improvement Manager; and Graham Sudholz, Sales Nutrition Territory Manager, CopRice Tongala.

Business Support Award

Awarded to Phillip Williams, R&D Regulatory Affairs Manager; and John Le, Senior Customer Service Coordinator, Consumer Markets.

Team Award

Awarded to the 13 members of our Meals New Product Development Team. This cross-functional team was responsible for developing and launching more than 20 new products in a very short timeframe, including the popular Microwave Rice and Ready-to-Go Meals ranges. The team comprises Fran Di Giorgio, Court Sayer-Roberts, Michael Bayles, Phillip Williams, David Welch, Peter Le, Aditya Swarup, Jeremy Townsend, Tim Allen, Ross Farlow, Jason Fields, Pierre Pienaar, and David Kadir.

SunRice Employee of the Year Award

The SunRice Employee of the Year Award remains high-profile and prestigious, and is cause for celebration. This year the title was awarded to Phillip Williams, our R&D Regulatory Affairs Manager. Phillip has been with SunRice for 27 years and was nominated for his work on a vitamin-enriched rice product from an overseas supplier. Phillip worked extensively with the supplier, including visiting their plant to assist in identifying new control parameters and implementing new testing techniques to ensure a high product quality was achieved. Phillip's contribution delivered improvements to the supplier's business and helped foster a strong relationship between the two companies.

Around 20,000 tonnes of Pure Seed was produced to totally replace aged seed stock of all varieties. This ensures the industry can rebound with high-quality seed when water availability improves.

The severe drought continues to deny our growers the opportunity to grow rice and other crops. The vast majority of growers have not been able to grow rice since the 2005/06 crop and the opportunity to grow again cannot come soon enough. Continuing low water availability saw very low production in 2006/07 (166,707 tonnes) and the smallest crop since 1929 in 2007/08 (19,297 tonnes).

Southern Australia still in the grip of drought

The La Nina event that delivered good rainfall to the northern parts of the Murray-Darling Basin was a non-event in the southern parts of the Basin. Rainfall in autumn, winter and spring leading up to the 2008/09 rice sowing was well below average, with consequent low inflows to water storage dams.

Record price offered by SunRice

Faced with the prospect of poor surface water availability and intense competition for both carry-over water and any 2008/09 allocation that came available, SunRice announced a record price for its 2008/09 Premium Pool in mid-May. A price of \$550 per tonne (medium grain) was on offer. While the rice price was very attractive, the high demand for water on the temporary transfer market led to buoyant prices that attracted large sales of carry-over water for permanent plantings on the Murray.

Intense competition for limited water

Water buyback programs through the Australian Government's Water for our Future program and various State Government initiatives also became very active at the same time. This created strong demand for the permanent purchase of water entitlements. With irrigators under immense financial stress, a significant volume of water that could have grown food in future years was sold.

By the completion of sowing, around 8,400 hectares was planted with the potential to produce around 80,000 tonnes. The majority of the area was planted by groundwater pumpers, with the remaining area grown by surface water irrigators in the Murrumbidgee Valley.

Heatwave damages yield potential

The growing season was not ideal. Cooler conditions in spring led to difficulties in weed control and bird damage thinned many crops. However, the crop improved and was showing average yield potential by mid January.

Unfortunately, a two-week period of record high temperatures in February caused significant hot weather sterility that dropped yields by 15%. Final 2008/09 production reached 65,922 tonnes.

Pure Seed stocks rebuilt

SunRice put a focus on Pure Seed production in the 2008/09 crop. There was limited opportunity to produce Pure Seed in the two previous crops so an area to produce around 20,000 tonnes of Pure Seed was planted to totally replace aged seed stock of all varieties. This ensures the industry can rebound with high-quality seed when water availability improves.

Rice Research Australia Pty Ltd (RRAPL)

The research and development role played by SunRice subsidiary, RRAPL, has become progressively more important as rice levy funding and the Australian Government contribution reduce in line with drought-ravaged production and reserve funds are consumed. RRAPL is hosting and managing a considerable amount of the NSW Department of Primary Industries (DPI) rice breeding research and development, particularly the development of varieties with improved water use efficiency and cold tolerance. RRAPL has also assumed responsibility for the build up of the pure germplasm of all released and potential new varieties that is the foundation of the SunRice Pure Seed Scheme.

RRAPL is also working closely with the rice breeders in the evaluation of varieties suitable for production in northern Australia.



Barry, Chris and Kevin Mannes, who farm at Coleambally



Murrumbidgee grower Patrick Sergi using satellite imagery to map crop yield



Yenda growers Naice and Helen Dalton



RRAPL cold tolerance rice trials at 'Old Coree'

Rice in northern Australia

SunRice has been investigating rice production in northern NSW and other areas of northern Australia as part of the company's drought strategy. The investigation moved from the feasibility stage to trial commercial production in a number of locations in 2008/09. With production destined to be processed in the Riverina, SunRice and the Ricegrowers' Association of Australia, in conjunction with NSW DPI, developed a biosecurity protocol involving crop inspections by a plant pathologist to ensure the Riverina's exotic pest and disease-free status was not jeopardised.

NSW Northern Rivers region

Around 400 hectares was sown by about 35 growers in the Lismore area. Most of the plantings were non-irrigated. Crop establishment and early growth was excellent but below average rainfall caused drought stress in December/January. The crops recovered well following good rainfall in late January. However, as crops were maturing for harvest, around 300mm rain inundated crops and caused shot and sprung grain. More serious flooding in the mid-May deluge occurred and ruined crops that survived the first downpour. Prior to the flooding, there was potential for around 2,000 tonnes to be delivered to an AGS temporary receival facility at Broadwater. Less than 300 tonnes was delivered.

Queensland

Around 450 hectares was sown in three regions of Queensland – 100 hectares in Dirranbandi, 200 hectares in the Emerald region of Central Queensland and 150 hectares in the Mareeba area of far north Queensland. All crops were irrigated with the Mareeba crops planted on flat layout and all others on beds. All but one of the crops sown on beds experienced low plant populations which severely reduced yield potential. The crops in the Mareeba area did not meet biosecurity requirements and could not be delivered to the Riverina.

Future interest in rice in these areas will largely depend on the price outlook.

Our Subsidiaries

Trukai Industries

A highlight for the year was the commencement of the SunRice mentoring program for Trukai manufacturing, quality and safety departments.



Trukai Industries continues to be Papua New Guinea's leading supplier of quality rice products. Despite increasing world rice prices flowing through to on-shelf rice prices, we were able to competitively source and supply PNG's consumers with their favourite rice.

Marketing initiatives and community support

Trukai's Sales and Marketing Team was kept busy maintaining brand awareness, customer loyalty and showcasing the company at events like the 2008 Trukai Fun Run, Morobe Show and the Rugby League World Cup. We also announced a strategic and innovative partnership with the North Queensland Cowboys Rugby League team. It featured as the central theme in our major promotional campaign for the year, where 20 lucky people will fly to Townsville to watch a Cowboys' home game with other "money can't buy" experiences.

Safety record

Through the year, the Trukai business advanced and improved its Safety, Health and Environment (SHE) track record, with solid improvements in a number of key measurement areas.

Improved operations through mentoring

A highlight for the year was the commencement of the SunRice mentoring program for Trukai manufacturing, quality and safety departments. Visitors from the SunRice Management Group have enhanced and consolidated many of Trukai's operating systems, substantially increasing our ability to process rice raw materials from a number of supply sources into an increasingly more diverse range of finished products.

Our Subsidiaries

Riviana Foods

Riviana Foods posted record revenue in 2008/09 despite the impact of the general downturn in consumer spending and increasing level of competition.



Riviana Foods

Our subsidiary company, Riviana Foods, is a manufacturing, distribution, sales and marketing enterprise focusing on the grocery and food service sectors.

Riviana Foods posted record revenue in 2008/09 despite the impact of the general downturn in consumer spending and increasing level of competition. A focus on our customers, both small and large, combined with global trading and strong relationships with major suppliers, helped mitigate the effects of the global economic downturn.

Retail innovation

The Always Fresh brand maintained its position of market leadership within the Pickled Vegetables category, achieving a record share of 41.7 percent in an intensely competitive market environment. The key sales and marketing initiatives of ongoing product innovation and category management enabled the brand to deliver growth despite the aggressive entry of private labels into the category.

The new Let's Get it Started media and television campaign further contributed to the brand's success by raising awareness amongst consumers and positioning Always Fresh as a contemporary

entertaining solution. New product launches into the premium crackers and snacks categories also helped build sales and defend the brand against competitors.

A complete relaunch of Riviana Rice packaging into a compact, block-bottom format enhanced the brand's visibility on-shelf and delivered an important element of point of differentiation, as well as providing supply chain cost savings.

The business maintained its position as the major supplier of private label for the vinegar market, and successfully tendered for new private label business across other categories, with all our major retail accounts.

Food service

Continued success in the Food Service market was an important source of revenue and profit growth for Riviana Foods. This business division continued to go from strength to strength, with a stronger than ever focus on the customer with tailor-made product offerings and improved relationships with distributors and end users. The launch of the new fruit cups contributed positively to the brand's reputation and broadened our ability to service new markets, particularly school canteens and health institutions.

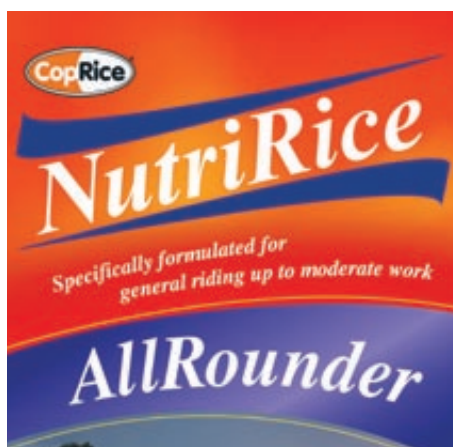
Further to this, the development of 'bag in box' vinegar and pouch vegetables delivered innovative storage and product usage solutions for the catering industry. We also consolidated our position as a key supplier to food franchises such as Subway and Hungry Jacks, and government tenders are another growth area that continues to expand.

Resources

Our "best practice" warehouse operations continued to deliver greater efficiencies, productivity and improved levels of customer service. A move to more streamlined logistics and extended receivable hours further improved our business on many levels.

Our manufacturing facility at Rowville moved to a double shift to accommodate the growing demand on the pickle and rice production lines. This was a result of increased sales across the business and new product development projects and manufacturing processes.

Moving forward, Riviana Foods is well positioned for the future with premium products and brands, strong customer relationships and astute business strategies that will deliver profitable growth.



CopRice employees demonstrate the initiative and operating excellence required to deliver value to our customers in such challenging times.

The continuation of the dry conditions in south eastern Australia meant CopRice Feeds experienced a difficult trading environment in 2008/09.

Sales performance

Uncertainty in regard to milk prices and water availability combined to impact on farmer confidence. Despite the challenging market environment, CopRice Feeds maintained a similar level of turnover to the previous year. Continued product innovation and improved operating efficiencies were the prime drivers for this result.

Companion products

Strong growth was experienced in dry extruded pet and horse feeds. To meet consumer demand for improved packaging solutions, Max's Cat and Pet Litter was launched in a shelf-friendly upright form.

High capacity utilisation of the companion animal production facility highlighted the continued market strength of the CopRice brands.

Innovation and operating excellence

The CopRice Nutrition and Sales Team maintained close relationships with customers by delivering high service levels and valued nutritional support. The ability to dynamically reformulate products based on alternative ingredient availability meant we continued to deliver quality products.

All CopRice sites retained Feed Safe accreditation, and Good Manufacturing Practice scores were sustained at high levels. Continuous improvement of safety and quality systems, along with the streamlining of all processes, provides the focus to our daily operations. We continue to identify and exploit opportunities for process improvement and automation.

Grower and shareholder support

CopRice recognises the loyal support of our grower shareholder base. Grain growers provide a valued source of grain, enabling both improved utilisation of storage facilities and efficient grain accumulation.

CopRice people

CopRice employees demonstrate the initiative and operating excellence required to deliver value to our customers in such challenging times. We have a strong team with the expertise and commitment to ensure the CopRice business achieves future revenue and earnings growth objectives. The platform for continued success is firmly based on the leadership, skills and passion of our workforce.



Our Community, Environment & Workplace

SunRice hosted Australian swimming star Stephanie Rice in Leeton in October 2008, where her appointment as SunRice brand ambassador was announced.



SunRice proudly engaged in many activities that supported our local and international communities. In 2008/09 SunRice partnered with UNICEF to help prevent children in our neighbouring Pacific Islands suffering and dying from common childhood illnesses. Our support for the UNICEF Pacific Program is throughout 2009.

We continued our commitment to Foodbank Australia – our donated rice food products were distributed by the charitable organisation to non-profit welfare agencies across Australia, feeding many families in need. Our subsidiaries, Trukai and Solrice, also supported their communities by donating rice products and providing financial support to worthy causes.

Regional activities

SunRice hosted Australian swimming star Stephanie Rice in Leeton in October 2008, where her appointment as SunRice brand ambassador was announced. Around 400 very excited Leeton school students were able to meet their hero and learn some swimming tips from Stephanie at the Leeton Memorial Swimming Pool.

SunRice continued its focus on supporting organisations, as well as sporting and cultural events, across the rice-growing region. These events included the SunRice Family Centre at the Deni Ute Muster in Deniliquin, the annual SunRice

Leeton Pro-Am Golf Tournament and the MIA Open Tennis Tournament in Griffith. SunRice consolidated its support of the Ricegrowers' Association of Australia and its Environmental Champions Program (ECP) – a program that sets the bar for industry standards in environmental performance and community sustainability and recognises growers for their environmental stewardship.

Environment

SunRice maintained its commitment to minimising the environmental footprint of its milling, processing and marketing activities on the wider community. Our established partnerships with local authorities continue to support the ongoing management of waste, water and energy use at our sites.

In 2008/09, waste reduction practices focused on eliminating waste sent to landfill. Further, as a pro-active participant of the National Packaging Covenant (NPC), SunRice continues the practice of reducing product packaging at every opportunity.

Across all SunRice sites, energy usage is carefully monitored as part of the Australian Government's Energy Efficiency Opportunities program and NSW energy requirements. SunRice's energy management plan focused on achieving power savings that benefit both the business and the community.

Workplace

SunRice has maintained its focus on the management of safety within our Australian and overseas operations. The successful implementation of the SunRice Safety Management System across the business has led to a reduction of overall injury rates. The objective of this strategy has been achieved despite a challenging environment of continuous change.

In 2008, a Fitness for Work program was implemented, reinforcing our high standards and values in the workplace. Central to this was the introduction of an Alcohol and Other Drugs Policy and drug and alcohol testing across all sites. The policy launch was accompanied by education and information sessions and supported by referrals and access to the Employee Assistance Program. We are proud to report a positive attitude to the policy change, and the commitment of our people to safety in the workplace.

Above
Three-time Olympic gold medal winner and new SunRice brand ambassador Stephanie Rice meets SunRice Chairman Gerry Lawson and SunRice employees on a visit to Leeton in October



Excited Leeton school children meet swim star Stephanie Rice at Leeton Memorial Swimming Pool



SunRice supports the annual Deni Ute Muster at Deniliquin



Stacey Chapman ensures pouch quality is top notch



unicef 



Stephanie Rice enjoys a Leeton welcome



UNICEF Pacific



UNICEF Pacific

Board of Directors



Gerry Lawson
LDA MAICD

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committee: Member, Remuneration. Chairman, Riviana Foods Pty Ltd. 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), SunFoods LLC (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: Chairman, Grower Services; Member, Remuneration, Finance and Audit. Chairman, Trukai Industries Limited (PNG); Director, Solomons Rice Company Limited (Solomon Islands), Australian Grain Storage Pty Ltd; SunRice Australia Pty Ltd and SunRice Trading Pty Ltd, SunFoods LLC (USA). Director, Murray Irrigation Ltd. Member, Rice Industry Co-ordination Committee.

Laurie Arthur
B Ag Sc GAICD

Moulamein and Barham rice grower. Director since 2007. Directors' Committees: Member, Finance and Audit, Grower Services, Member, Rice Industry Co-ordination Committee. Chairman, National Farmers' Federation Water Taskforce, Commissioner of the National Water Commission, Murray-Darling Basin Community Reference Group for Living Murray. Former President, Ricegrowers' Association of Australia.

Noel Graham
FAICD

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

Gary Helou
**BE (Hons) MComm
FAICD FAIM**

Director since 2003. Director, Riviana Foods Pty Ltd, Trukai Industries Limited (PNG); Australian Grain Handling (AGS); Aqaba Processing Company (Jordan); Sunshine Rice Inc (USA), SunFoods LLC (USA). USA Rice Millers' Association. Member, Advisory Council Asia Society.

Our people, our premium products and brands, our focus on global trading and consumer rice food businesses and our strong relationships and alliances will continue to provide strong returns to both rice growers and shareholders – Gerry Lawson.



Russell Higgins
AO BEc FAICD

Director since 2005. Directors' Committee: Member, Finance and Audit. Director, APA Group (formerly Australian Pipeline Trust); Chairman of the Global Carbon Capture and Storage Institute; Chairman, CRC for Coal in Sustainable Development; CSIRO Energy Transformed Flagship Advisory Committee. Former Chairman Snowy Mountains Hydro-Electric Scheme. Member, Prime Ministerial Task Group on Emissions Trading in 2006/07.

Gillian Kirkup
MAICD

Yanco rice grower. Director since 2005. Directors' Committee: Member, Grower Services. Director Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Member, RIRDC Rice Research and Development Committee. Director, Murrumbidgee Irrigation Limited.

Grant F Latta
AM MBA BBus FAICD
FAIM CPA

Director since 1999. Directors' Committees: Chairman, Remuneration, Finance and Audit. Executive Chairman GCM Corp Pty Ltd. Chairman, Bennelong Funds Management. Director, Biota Holdings Limited, Coleambally Irrigation Co-operative Limited, McWilliam's Wine Group Ltd. Member, Australian Competition Tribunal (Federal Court).

Norm McAllister
Dip App Sc Ag FAICD

Berriquin rice grower. Director since 1997. Directors' Committee: Member, Grower Services, Chairman, Rice Research Australia Pty Ltd. Deputy Chairman of Rural Industries and Development Corporation, Director, Riviana Foods Pty Ltd and Silica Resources Pty Ltd. Member, Rice Industry Co-ordination Committee. Mayor, Conargo Shire Council.

Alan Walsh
FAICD

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

Corporate Management Team



Gary Helou
BE, (Hons) M Comm,
FAICD, FAIM
Chief Executive Officer

Joined SunRice in 1998 as General Manager, Marketing, and was appointed CEO in October 1999. Extensive experience in the food industry, including 10 years' experience in Asia holding Executive General Manager roles at Simplot, Indofood and Pacific Dunlop Limited. Director of Riviana Foods Pty Ltd, Trukai Industries Limited, Aqaba Processing Company Ltd, Australian Grain Storage Pty Limited, and Sunshine Rice Inc. Member, Advisory Council Asia Society.

Claude Cassar
CA F DipBus Studies (Acct)
General Manager, Group
Corporate Services

Joined SunRice in 1999 as Chief Financial Officer, and was appointed General Manager, Group Corporate Services in 2009. A Chartered Accountant with experience working in the UK, the USA and Asia in a number of senior financial and management positions with multinationals such as Dun and Bradstreet, Young and Rubicam Australia, Dentsu Young and Rubicam Group Singapore, and PricewaterhouseCoopers Australia. Director of Sunshine Rice Inc., SunArise Insurance Company Ltd, and Aqaba Processing Company Ltd.

Milton Bazley
BAppSc, BBus, DipExMan
General Manager, International
Commodity and Trading

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

Mandy Del Gigante
B Comm, 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, returned to SunRice in 2005. Prior to working in the rice industry, worked in the commercial and chartered accounting fields for international firms.

Our SunRice organisational objective is to build the best rice-food team by building and fostering a culture that encourages collaboration, innovation and leadership – Gary Helou.



Mike Hedditch
BSc Agr Dip Ed ACI
General Manager,
Grower Services

Joined SunRice in 1999 as General Manager, Grower Services. Has extensive experience in agricultural technology, policy development, communication and government relations. Prior to joining SunRice, was Executive Director of the Ricegrowers' Association of Australia for a 13-year term. Prior to working in the rice industry, worked with NSW Agriculture in agricultural extension as a District Agronomist. Director of Rice Research Australia Pty Ltd.

Brad Hingle
Chief Financial Officer

Joined SunRice in 1999 as Financial Controller, was appointed General Manager, Finance in 2006, and Chief Financial Officer in 2009. Has studied cost and management accounting. Prior to joining SunRice, held finance and management positions at Deloitte Consulting Australia, Dunlop Tyres (South Africa) and Mondi Limited (South Africa).

David Keldie
BA
General Manager,
Consumer Markets

Joined SunRice in 2001 as National Sales Manager, Australasia. Appointed General Manager of the Australian / New Zealand Business in 2003 and General Manager, Consumer Markets in 2005. Responsibilities include profitability of the value added business units and the Aqaba processing plant in Jordan. Previously worked as General Manager with the King Island Group Pty Ltd. David has 20 years' experience in FMCG business management.

Mike McLeod
NZCE in Engineering
General Manager, Operations

Joined SunRice in 2002 as Northern Manufacturing Manager and was appointed General Manager, Group Operations in December 2008. Responsible for SunRice's Australian Operations as well as its Operations in PNG, Aqaba and USA. Prior to joining SunRice, held senior manufacturing positions at Heinz-Watties, Sealord and Colgate Palmolive.

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, determines the appropriate risk profile and management systems 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.

The main corporate governance practices employed during the year are described in this section.

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).

This structure of 10 Directors provides a mix of representation and skills that reflects the company's ongoing commitment to active growers and the needs of its large global business.

Elections are held for the four Directors, who are A Class Shareholders, each four years. 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 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". Particulars of each Director's Board meeting attendance for the past 12 months are included in Directors' Report.

Board Operations

The Board monitors 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. The Board also attends regular site visits to the company's operations.

Director Performance Evaluation

The Board acknowledges the importance of regular review of Board performance and ongoing communication between Directors and the Chairman. An annual review of the requirements and performance of all Directors is conducted. The performance of Directors is continually monitored by the Chairman and peers.

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.

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, the General Manager Finance, the Internal Audit Manager and representatives of

the 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.

The names, qualifications and 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 shareholders and 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

Corporate Governance Statement

the Chairman of the Board is not the Chairman of the Committee.

The names, qualifications and 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.

The names, qualifications and 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.

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 and is independent of the external audit function. It ensures information is reliable and has integrity, operations are efficient and effective and policies and regulations are adhered to. The Internal Audit Manager 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 a Code of Conduct and 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 Code of Conduct which addresses its commitment to compliance with its legal obligations to stakeholders.

Trading in Company Securities

The Board has adopted a Share Trading Policy, which applies to all Directors. 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.

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 the Company Secretary to ensure that the company complies with its continuous disclosure obligations.

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 aspects of the company's operations, the material is provided to shareholders, and if appropriate, 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.

Access to price sensitive information is rigorously controlled and procedures have been established to ensure that any such information is immediately released to the market, should it be inadvertently disclosed.

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

Notice of the AGM, and related papers, is 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.

Directors' Report & Financial Report

This financial report covers both Ricegrowers Limited as an individual entity and 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 12 June 2009.

Directors' Report

Your Directors present their report on the consolidated entity consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2009.

1 Directors

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

GF Lawson
DM Robertson
LJ Arthur
NG Graham
G Helou
RA Higgins
GL Kirkup
GF Latta
N McAllister
AD Walsh

2 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.

3 Consolidated entity result

The net profit of the consolidated entity for the period after income tax and after minority interests was \$75,811,000 (2008: \$14,096,000).

4 Review of operations

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

5 Acquisition in the USA

As of 1st October 2008, Sunshine Rice Inc (a wholly owned subsidiary) acquired a 65% interest in SunFoods LLC. SunFoods LLC purchased rice milling and marketing assets and is an owner and operator of a rice mill in the USA. This venture provides Ricegrowers Limited with a platform to leverage its branded rice food expertise in the USA market, and to grow its international markets through the sourcing of high quality USA rice.

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 consolidated entity that occurred during the financial period under review, not otherwise disclosed in the Annual Report.

7 Events subsequent to the balance sheet date

On 1 June 2009 the Directors declared a fully franked final dividend of 22.5 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 consolidated entity, 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 consolidated entity 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 consolidated entity.

Directors' Report

9 Environmental regulation

The consolidated entity 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 consolidated entity holds licences and approvals for its manufacturing sites in New South Wales and Victoria. The licences require air, water and noise emissions to be below specified limits and solid wastes to be removed to an appropriate disposal facility. Ricegrowers Limited operates an environmental management system to ensure compliance.

All identified aspects including energy and water usage are monitored and reported on to the Department of Environment and Climate Change (DECC) as required. Complaints received in relation to environmental issues are investigated and actions planned and implemented to reduce the impact of Ricegrowers Limited's activities.

The National Packaging Covenant updated report and action plan has been completed and submitted as required and has been assessed and accepted.

The reduction of packaging waste to landfill has been successfully maintained. Project plans have been updated and established to manage the impact of trade waste water.

10 Drought impact

As a result of the continued drought, paddy received for 2008/2009 financial year was 19k tonnes (167k tonnes in prior year). The 2009/2010 paddy is estimated to be 65k tonnes. Fixed assets at Coleambally Mill and Deniliquin Mill #2 are not expected to be used in the foreseeable future. As a result these assets have been impaired by \$8.0m in the period.

11 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2009.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	1,748,454
2	Burrabogie Pastoral Co Pty Ltd	1,655,474
3	Dellapool Nominees Pty Ltd	1,005,741
4	Taurian Pty Ltd	467,290
4	Industry Designs Pty Ltd	467,290
5	RM & AM Brain	240,139
6	Peter Salvestro Landforming Pty Ltd	232,028
7	GF & SB Lawson Pty Ltd	222,853
8	Idameneo (No 157) P/L	219,148
9	BE & NW Rose	206,459
10	Moonraker Float Pty Ltd	205,824

12 Directors' qualifications

Refer to the Annual Report for details.

Directors' Report

13 Directors' interests in shares

Directors' interests in A and B Class shares of Ricegrowers Limited

Director	30 April 2009	30 April 2008
GF Lawson	222,854	201,254
DM Robertson	131,317	124,059
LJ Arthur	140,197	120,402
NG Graham	71,277	71,277
G Helou	-	-
RA Higgins	-	-
GL Kirkup	28,366	25,668
GF Latta	-	-
N McAllister	62,078	61,815
AD Walsh	126,328	107,799

14 Directors' meetings

	RL Board		F & A Committe		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson	16	16	-	-	-	-	5	5
DM Robertson	16	16	5	5	4	4	5	5
LJ Arthur	16	16	5	5	4	4	-	-
NG Graham	16	16	5	5	-	-	-	-
G Helou	15	16	4	5	-	-	-	-
RA Higgins	14	16	4	5	-	-	-	-
GL Kirkup	16	16	-	-	4	4	-	-
GF Latta	16	16	5	5	-	-	5	5
N McAllister	15	16	-	-	4	4	-	-
AD Walsh	16	16	-	-	4	4	-	-

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 consolidated entity 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.

Directors' Report

17 Prospectus

On 1 June 2009 the company issued the following prospectuses.

The first is an offer to B Class Shareholders and RMB Equity Holders to convert all their RMB equity to cash and shares. As part of this prospectus, existing B class shareholders and new growers may also apply and pay for shares through the 2009 RMB Equity Rollover Payment, Rice Bonds and cash.

The second is a prospectus for the issue of B class shares to SunRice employees whereby employees may purchase shares under the approved employee share plan.

18 Remuneration report (audited)

This report outlines Ricegrowers Limited's remuneration policy for Directors and Key Management Personnel (KMP) in accordance with AASB124 *Related Party Disclosures* and the requirements of the *Corporations Act 2001*. Details of other transactions with Key Management Personnel are disclosed in Note 19 of the Directors Report and Note 31 to the financial statements.

(i) Principles used to determine the nature and amount of remuneration

In keeping with our vision to be truly world class in all aspects of our operations, our remuneration is guided by the need to foster a high performance culture and maintain market competitiveness. CEO and Senior Executive Salary packages are based on the level of responsibility of the role and are linked to performance based Key Performance Indicators. Salaries are determined by the Remuneration Committee chaired by Mr Grant Latta and approved by the Board after extensive consultation with remuneration experts including Newton Consulting and Mercer Human Resource Consulting. In addition, remuneration surveys from Corporate Remuneration Advisors, Australian Institute of Management, Mercer Human Resource Consulting and FMCG Careers are taken into consideration. This ensures that remuneration decisions are consistent with similar roles in comparable organisations. This reinforces our commitment to our Pay for Performance philosophy that attracts and retains highly skilled employees.

(ii) Non-executive directors

Ricegrowers Limited's constitution requires that the remuneration of directors for their services as directors be by fixed sum and not a commission or a percentage of profits or operating revenue. At the 2002 Annual General Meeting, shareholders determined the following Directors' fees and remuneration:

- a) A Director attending a duly convened meeting of the Board of Directors or a meeting of a Committee of the Board of Directors will receive a sitting fee of \$252.00 per meeting;
- b) A Director attending to the business of the Company under direction from the Board of Directors shall receive \$252.00 per day together with travelling and out-of-pocket expenses;
- c) The Chairman of Directors shall receive an additional allowance of \$58,400 per annum;
- d) The Deputy Chairman of Directors shall receive an additional allowance of \$36,150 per annum;
- e) External Directors shall receive an additional allowance of \$36,150 per annum;
- f) Each other member of the Board of Directors shall receive an additional allowance of \$25,030 per annum.

The non-executive directors do not receive equity-based remuneration or performance-based remuneration. Statutory superannuation is paid.

The non-executive directors receive a retirement allowance as defined in the constitution which adopts the arrangements permissible under Section 237 of the Corporations Act.

(iii) Retirement allowances for directors

For Directors leaving after less than three years service the SCG (superannuation contribution guarantee) is payable. The Directors retirement allowance is payable for directors who leave after three years service and is pro rated between three and seven years. After seven years of service the retirement benefit payable on leaving is equal to the last three years' total emoluments. This is in accordance with the *Corporations Act 2001* sections 200A to 200J.

Directors' Report

18 Remuneration report (continued)

(iv) Executive pay

The executive pay and reward framework has three components:

- * base pay and benefits
- * other remuneration such as superannuation
- * incentives

The combination of these comprises the executive's total employee reward.

(v) Base pay

Structured as a Total Fixed Remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. While there is an annual salary review process, increases are not guaranteed.

(vi) Benefits

Executives are able to elect to take a range of benefits as part of their Total Fixed Remuneration package, including a company car, novated vehicle or car allowance, remote housing subsidy or travel allowance.

(vii) Retirement benefits

Retirement benefits are delivered under the relevant employers'/employees' superannuation fund. Ricegrowers Limited contributes the statutory 9% superannuation to an accumulation fund on behalf of all employees. Employees can elect to make additional contributions from their Total Fixed Remuneration, either pre or post tax.

(viii) Incentives/Bonuses

The CEO participates in both a short and long term incentive plan. Both plans are contingent upon Ricegrowers Limited and the CEO achieving predetermined performance targets set by the Board.

A discretionary bonus scheme has been in place in 2009 for management. Final values have been determined by the Remuneration Committee and the Board.

M.Bazley, C.Cassar, B.Hingle and D.Keldie participate in a long term incentive plan which commenced 1 May 2008 and operates through to 30 April 2011. This plan is contingent on the achievement of predetermined performance targets set by the Board.

19 Details of remuneration (audited)

(a) Directors

The Directors named in the Directors' Report each held office as a Director of Ricegrowers Limited during the year ended 30 April 2009.

(b) Other Key Management Personnel

The following persons were the executives having greatest authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Employer
C. Cassar	Chief Financial Officer	Ricegrowers Limited
M. Bazley	General Manager, International Commodity and Trading	Ricegrowers Limited
B. Hingle	General Manager, Finance	Ricegrowers Limited
D. Keldie	General Manager, Consumer Markets	Ricegrowers Limited
J. Lloyd	Chief Executive Officer	Riviana Foods Pty Ltd

All the above persons were also executives during the year ended 30 April 2008.

(c) Key Management Personnel and Directors Compensation

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	3,257,901	3,072,551	4,173,283	4,086,847
Post-employment benefits	292,251	170,065	330,512	206,225
Other long-term benefits	605,733	333,333	646,572	372,227
Share-based payments	-	-	-	-
	4,155,885	3,575,949	5,150,367	4,665,299

Directors' Report

19 Details of remuneration (continued)

(i) Remuneration for Key Management Personnel of Ricegrowers Limited Group

	Short term benefits			Post employment benefits		Other long term benefits *	Share based payments	Total
	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super - annuation	Retirement benefits	Cash Bonus	Equity Options / others	
Name	\$	\$	\$	\$	\$	\$	\$	\$
<i>C Cassar</i>								
2009	388,792	30,000	-	13,638	-	63,400	-	495,830
2008	356,145	75,000	-	13,055	-	-	-	444,200
<i>G Harvey (resigned 28/09/07)</i>								
2009	-	-	-	-	-	-	-	-
2008	149,763	-	15,647	5,396	-	-	-	170,806
<i>B Hingle</i>								
2009	295,686	80,000	25,397	22,782	-	69,000	-	492,865
2008	231,664	80,000	23,250	22,586	-	-	-	357,500
<i>M Bazley</i>								
2009	308,774	81,300	-	36,196	-	70,000	-	496,270
2008	250,445	90,000	-	22,255	-	-	-	362,700
<i>D Keldie</i>								
2009	310,799	80,000	5,845	29,562	-	70,000	-	496,206
2008	256,918	75,000	24,447	23,957	-	-	-	380,322
<i>J Lloyd**</i>								
2009	386,857	20,000	64,950	38,261	-	40,839	-	550,907
2008	365,621	100,000	64,950	36,160	-	38,894	-	605,625

* Other long term benefit for M.Bazley, C.Cassar, B.Hingle and D.Keldie is a provision and is based on the assumption of achieving 60% of the predetermined performance targets set by the Board.

** John Lloyd's contract of employment stipulates the payment of 1 month's salary (TFR) per year of service to be paid upon leaving the company.

(ii) Service agreements

The CEO, Gary Helou, has a service agreement in force until 1 May 2010. This prescribes his remuneration including short and long term incentives. Any payments that would be made under the incentive program would be based on the achievement of specified criteria.

Directors' Report

19 Details of remuneration (continued)

(iii) Remuneration for Directors of Ricegrowers Limited

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits #	Cash Bonus	Equity Options / others	
Name	\$	\$	\$	\$	\$	\$	\$	\$
<i>GF Lawson</i>								
2009	81,080	-	-	7,297	(6,690)	-	-	81,687
2008	81,584	-	-	7,343	3,301	-	-	92,228
<i>DM Robertson</i>								
2009	57,318	-	-	5,159	10,493	-	-	72,970
2008	50,514	-	-	4,546	(11,908)	-	-	43,152
<i>LJ Arthur (appointed 24/8/07)</i>								
2009	34,102	-	-	3,069	-	-	-	37,171
2008	19,151	-	-	1,778	-	-	-	20,929
<i>BL Barber (resigned 24/8/07)</i>								
2009	-	-	-	-	-	-	-	-
2008	13,887	-	-	1,250	-	-	-	15,137
<i>NG Graham</i>								
2009	36,118	-	-	3,251	22,632	-	-	62,001
2008	32,842	-	-	2,956	5,784	-	-	41,582
<i>G Helou</i>								
2009	733,939	507,500	16,061	50,000	-	333,333	-	1,640,833
2008	762,364	300,000	-	37,636	-	333,333	-	1,433,333
<i>RA Higgins</i>								
2009	42,198	-	-	3,798	51,939	-	-	97,935
2008	41,946	-	-	3,775	-	-	-	45,721
<i>GL Kirkup</i>								
2009	34,354	-	-	3,092	35,077	-	-	72,523
2008	31,330	-	-	2,820	-	-	-	34,150
<i>GF Latta</i>								
2009	43,710	-	-	-	(5,796)	-	-	37,914
2008	43,962	-	-	-	6,588	-	-	50,550
<i>N McAllister</i>								
2009	32,338	-	-	2,910	(6,417)	-	-	28,831
2008	33,094	-	-	2,979	(4,055)	-	-	32,018
<i>AD Walsh</i>								
2009	32,590	-	-	2,933	7,326	-	-	42,849
2008	33,598	-	-	3,024	14,999	-	-	51,621

Retirement benefits are based on 3 year average earnings. Directors enter into a deed whereby they agree that any superannuation entitlements will be netted off against the company's obligation. As a result, the company's retirement benefit obligation for a year may fluctuate based on the performance of each of the directors' superannuation investment mix.

As required to be disclosed under the *Corporations Act 2001*, as one of the 5 highest paid executives of the Group, P Franklin, a director within the Group, was remunerated \$443,575 (2008: \$483,725) during the period. Amounts received were made up of cash salary and fees \$311,991 (2008: \$301,441), cash bonus \$60,000 (2008: \$111,057) and non monetary benefits \$71,584 (2008: \$71,227).

Directors' Report

19 Details of remuneration (continued)

(d) Share holdings with Directors and Director related entities

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

Issuing entity	2009	2008
Ricegrowers Limited	70,143	44,877

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 and its related entities at balance date were:

Issuing entity	2009	2008
Ricegrowers Limited	782,417	712,274

Directors and their related entities received normal dividends on these ordinary shares.

Transaction type and class of other party	Ricegrowers Limited	
	2009	2008
	\$000's	\$000's
Purchases of rice from Directors	951	721
Purchases of grain from Directors	79	241
Sale of inputs to Directors	21	83
Sale of stockfeed to Directors	6	58
Purchases of inputs from Directors	3	-

20 Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below. The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and that none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Directors' Report

20 Non-audit services (continued)

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

	Consolidated	
	2009	2008
	\$	\$
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm	377,810	355,110
Fees paid to related practices of PricewaterhouseCoopers Australian firm	176,786	78,806
Fees paid to non-PricewaterhouseCoopers Australian firm	11,534	11,534
Total remuneration for audit services	566,130	445,450
Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	20,700	-
Fees paid to related practices of PricewaterhouseCoopers Australian firm	76,222	4,900
Fees paid to non-PricewaterhouseCoopers audit firm	-	15,126
Total remuneration for other assurance services	96,922	20,026
Total remuneration for assurance services	663,052	465,476
Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm	404,835	362,721
Fees paid to related practices of PricewaterhouseCoopers Australian firm	9,099	15,327
Fees paid to non-PricewaterhouseCoopers audit firm	-	744
Total remuneration for taxation services	413,934	378,792

21 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 43.

22 Rounding of amounts

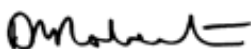
The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars or in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



DM Robertson
Deputy Chairman

Sydney
12 June 2009

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 44 to 87 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2009 and of their 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; and

(c) the audited remuneration disclosures set out on pages 36 to 40 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

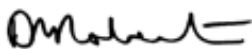
The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

For and on behalf of the Board.



GF Lawson
Chairman



DM Robertson
Deputy Chairman

Sydney
12 June 2009

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2009 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 year.



Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
12 June 2009

Income Statements

For the year ended 30 April 2009

	Note	Ricegrowers Limited		Consolidated	
		2009	2008	2009	2008
		\$000's	\$000's	\$000's	\$000's
Sales revenue	4	720,269	535,921	896,220	707,653
Other revenue	4	6,217	6,775	5,830	2,829
Revenue from continuing operations		726,486	542,696	902,050	710,482
Other income	5	2,183	1,440	1,736	1,650
Changes in inventories of finished goods		68,625	32,437	107,033	29,273
Raw materials and consumables used		(537,931)	(376,779)	(665,320)	(482,644)
Employee benefits expense		(45,213)	(52,009)	(65,540)	(66,813)
Depreciation and amortisation expense	6	(11,331)	(12,416)	(22,695)	(22,781)
Finance costs		(15,169)	(15,181)	(20,877)	(20,295)
Impairment of fixed assets	15	(8,658)	-	(8,658)	-
Other expenses	6	(90,930)	(111,155)	(122,037)	(128,794)
Share of net profit of associate accounted for using the equity method	14	-	-	582	378
Profit before income tax		88,062	9,033	106,274	20,456
Income tax expense	7	(26,154)	(1,707)	(29,450)	(5,479)
Profit for the year		61,908	7,326	76,824	14,977
Profit attributable to minority interests		-	-	(1,013)	(881)
Profit attributable to members of Ricegrowers Limited		61,908	7,326	75,811	14,096
Earnings per share for profit attributable to B Class Shareholders					
Basic and diluted earnings (cents per share)	33			213	46

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

Balance Sheets

As at 30 April 2009

	Note	Ricegrowers Limited		Consolidated	
		2009	2008	2009	2008
		\$000's	\$000's	\$000's	\$000's
Current assets					
Cash and cash equivalents	8	13,457	1,734	26,522	13,532
Receivables	9	177,504	97,170	116,788	80,091
Inventories	10	209,582	156,090	342,245	230,800
Derivative financial instruments	13	64	522	386	814
Total current assets		400,607	255,516	485,941	325,237
Non-current assets					
Receivables	9	22,185	6,985	1,611	1,000
Available-for-sale financial assets	12	-	321	4	332
Other financial assets	11	4,203	4,199	127	140
Property, plant and equipment	15	75,115	92,741	243,181	242,114
Investment properties	17	4,108	5,108	4,108	5,108
Intangible assets	16	3,069	3,473	11,267	7,455
Deferred tax assets	18	7,697	6,534	13,257	9,774
Investments accounted for using the equity method	14	-	3,588	1,068	5,712
Total non-current assets		116,377	122,949	274,623	271,635
Total assets		516,984	378,465	760,564	596,872
Current liabilities					
Payables	19	64,813	63,970	77,377	83,781
Grower payables	19	16,097	14,403	16,097	14,403
Borrowings	20	159,395	145,431	173,438	190,441
Current tax liabilities		26,957	1,914	30,385	2,945
Provisions	21	8,011	7,337	9,421	8,493
Derivative financial instruments	13	1,928	-	2,909	247
Total current liabilities		277,201	233,055	309,627	300,310
Non current liabilities					
Payables	19	-	-	64,801	79,215
Grower payables	19	4,603	1,154	4,603	1,154
Borrowings	20	68,698	42,029	151,192	77,081
Deferred tax liabilities	22	2,057	2,010	3,345	3,396
Provisions	21	2,101	1,691	3,537	2,936
Total non-current liabilities		77,459	46,884	227,478	163,782
Total liabilities		354,660	279,939	537,105	464,092
Net assets		162,324	98,526	223,459	132,780
Equity					
Contributed equity	23	58,072	54,194	58,072	54,194
Reserves	24	17,292	19,280	21,029	20,068
Retained profits	24	86,960	25,052	129,073	53,262
Total parent entity interest		162,324	98,526	208,174	127,524
Minority interest	30	-	-	15,285	5,256
Total equity		162,324	98,526	223,459	132,780

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

Statements of changes in equity

For the year ended 30 April 2009

	Note	Ricegrowers Limited		Consolidated	
		2009 \$000's	2008 \$000's	2009 \$000's	2008 \$000's
Total equity at the beginning of the financial year		98,526	84,118	132,780	111,075
Changes in the fair value of available-for-sale financial assets, net of tax	24	(274)	(38)	(278)	(38)
Changes in the fair value of cash flow hedges, net of tax	24	(1,714)	190	(2,681)	369
Movement in minority interest in reserves		-	-	10,029	603
Exchange differences on translation of foreign operations	24	-	-	3,920	(255)
Net income/(loss) recognised directly in equity		(1,988)	152	10,990	679
Profit for the year		61,908	7,326	75,811	14,096
Total recognised income and expense for the year		59,920	7,478	86,801	14,775
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	23	3,878	14,621	3,878	14,621
Dividends provided or paid	25	-	(7,691)	-	(7,691)
		3,878	6,930	3,878	6,930
Total equity at the end of the financial year		162,324	98,526	223,459	132,780

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

Cash Flow Statements

For the year ended 30 April 2009

	Note	Ricegrowers Limited		Consolidated	
		2009	2008	2009	2008
		\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		650,744	545,194	859,523	715,441
Payments to suppliers (inclusive of goods and services tax)		(592,579)	(385,252)	(758,119)	(515,055)
Payments of wages, salaries and on-costs		(44,237)	(54,480)	(64,120)	(69,141)
Dividends received		441	360	33	15
Interest received		2,650	682	1,361	772
Other revenue		890	1,662	1,472	2,128
Interest paid		(14,414)	(15,484)	(20,476)	(21,189)
Subsidiary performance fee income		-	3,940	-	-
Income taxes paid		(5,441)	(526)	(6,549)	(687)
		(1,946)	96,096	13,125	112,284
Payments to growers		(24,952)	(71,198)	(24,952)	(71,198)
Net cash (outflow)/inflow from operating activities	32	(26,898)	24,898	(11,827)	41,086
Cash flows from investing activities					
Payments for property, plant and equipment		(2,535)	(4,348)	(8,146)	(12,091)
Proceeds from sale of property, plant and equipment		248	558	488	944
Payments for intangibles		(22)	(102)	(111)	(420)
Payment for purchase of subsidiary net of cash acquired		-	-	(12,433)	-
Proceeds from sale of investments		4,157	178	4,157	188
Net cash inflow/(outflow) from investing activities		1,848	(3,714)	(16,045)	(11,379)
Cash flows from financing activities					
Proceeds from borrowings		179,600	146,752	191,033	157,350
Repayment of borrowings		(129,600)	(157,082)	(130,818)	(159,124)
Proceeds from issue of shares		593	10,428	593	10,428
Repayment of rice bonds		(8,097)	(12,254)	(8,097)	(12,254)
Repayment of finance leases		(165)	(122)	(189)	(122)
RMB equity redemptions		-	-	(10,278)	(9,863)
Dividends paid to company's shareholders		(5,558)	(3,807)	(5,558)	(3,807)
Net cash inflow/(outflow) from financing activities		36,773	(16,085)	36,686	(17,392)
Net increase in cash and cash equivalents		11,723	5,099	8,814	12,315
Cash and cash equivalents at the beginning of the financial year		1,734	(3,365)	12,739	221
Effect of exchange rate changes on cash and cash equivalents		-	-	1,324	203
Cash and cash equivalents at end of year	8	13,457	1,734	22,877	12,739

The above cash flow statements 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 report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Ricegrowers Limited as an individual entity and the consolidated entity consisting of Ricegrowers Limited and its subsidiaries.

(a) Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS's

The financial report of Ricegrowers Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 2009 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the 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.

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

(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 in the parent entity financial statements using the cost method and in the consolidated financial statements 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.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(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. 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.

The financial position of the Group entities is translated into Australian currency at exchange rates existing at balance date and the exchange gain or loss arising on translation is carried directly to a foreign currency translation reserve. Revenues and expenses are translated at the average rate ruling during the year.

(d) Investments and other financial assets

Investments have been brought to account as follows:

(i) Subsidiaries

Investments in subsidiaries are valued in the Company's accounts at cost less any amounts provided for impairment. Dividends are brought to account when proposed by the subsidiaries.

(ii) Associates

Investments in associated corporations, where significant influence exists, are accounted for in the consolidated financial statements using the equity method. This is further detailed in note 1(b).

(iii) Other corporations

Investments in listed corporations are accounted for as available-for-sale financial assets. Investments in unlisted corporations, other than subsidiaries and associates, are valued at cost. Dividends and interest are brought to account as they are received.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are comprised of principally marketable securities. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale financial assets revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. A prolonged and significant decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(v) 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.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(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 income statement as part of other income.

(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. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from standard costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products recovery on the basis of normal operating capacity.

(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

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. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash 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. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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.

(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.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(k) 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. Collectibility 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 30 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.

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 comprises of the balance of pool payments owed to growers for the current and next financial year's paddy rice received by the company. 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 of the reporting date are recognised 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.

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 adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

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

Except where indicated, no provision has been made for any taxes on capital gains which could arise in the event of a sale of certain revalued non-current assets for the amounts at which they are stated in the financial statements as it is not expected that any such liability will crystallise through continued use.

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

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(o) Income tax (continued)

Ricegrowers Limited and its wholly owned Australian controlled entities have adopted the tax consolidation legislation. The stand-alone taxpayer approach has been adopted. Under this approach each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right.

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) Derivatives

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are entered into mainly 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 equity and in the hedging reserve. The gain or loss on the ineffective portion is immediately recognised in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss.

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 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 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 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. Subsidiary performance fees, grain storage income and other revenue is recognised on provision of the appropriate service.

(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 15). 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 28). 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.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(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 plus costs directly attributable to the acquisition. 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (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.

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.

(u) Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(v) Provisions

Provisions are recognised when the settlement of a future obligation is probable. Any change in the provision amount is recognised in the 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. In accordance with AASB 2008-5, dividends are recognised once the company's obligation arises.

(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 are stated at face value not fair value in accordance with AASB120.

(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) Commodity contracts

Commodity contracts are derivative instruments that do not qualify for hedge accounting. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other revenue or expenses.

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

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009). AASB 8 is likely to result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance.

The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will apply the revised standard from 1 May 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009). The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 May 2009.

(iii) Revised AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 July 2009). AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group intends to apply the revised standard from 1 May 2010. It is not expected to have a material impact on the Group's financial statements.

(iv) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective 1 July 2009). The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy which is set out in note 1(t) above.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1 (t). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the Group's current accounting policy if significant influence is not retained.

The Group intends to apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 May 2010.

Notes to the Financial Statements

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.

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 to the US dollar (USD), Papua New Guinea Kina (PGK), Solomon Islands Dollar (SBD), Hong Kong Dollar (HKD), Euro (EUR) and Jordanian Dinar (JOD).

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.

Forward contracts are used to manage foreign exchange risk. Each subsidiary is responsible for managing exposures in each foreign currency by using external forward currency contracts.

The Group's risk management policy is to hedge up to 60% of its US dollar foreign currency denominated exposure for the subsequent 12 months.

Notes to the Financial Statements

2 Financial risk management (continued)

(i) Foreign exchange risk (continued)

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

Consolidated - 30 April 2009	USD	PGK	SBD	JOD	HKD	EUR
	000's	000's	000's	000's	000's	000's
Cash	9,168	-	63	91	4	-
Trade receivables	18,125	17,992	9,475	45	5,230	500
Bank loans	-	(40,831)	-	-	-	-
Trade payables	(15,494)	(14,888)	(332)	(153)	(147)	-
Forward exchange contracts:						
-selling foreign currency	(82,600)	-	-	-	-	-
-buying foreign currency	48,006	-	-	-	-	70
Net exposure - selling currency/(buying currency)	(22,795)	(37,727)	9,206	(17)	5,087	570

Consolidated - 30 April 2008	USD	PGK	SBD	JOD	HKD	EUR
	000's	000's	000's	000's	000's	000's
Cash	1,127	2,582	4,462	-	6	-
Trade receivables	13,130	22,981	9,075	55	3,630	-
Bank loans	(198)	(29,920)	-	-	-	-
Trade payables	(24,856)	(13,109)	(397)	(127)	(30)	-
Forward exchange contracts:						
-selling foreign currency	(35,100)	-	-	-	-	-
-buying foreign currency	19,500	-	-	-	-	-
Net exposure - selling currency/(buying currency)	(26,397)	(17,466)	13,140	(72)	3,606	-

Ricegrowers Limited	2009	2009	2009	2008	2008	2008
	USD	HKD	EUR	USD	HKD	EUR
	000's	000's	000's	000's	000's	000's
Cash	1,341	4	-	779	6	-
Trade receivables	102,726	5,230	500	60,197	3,630	-
Trade payables	(16,641)	(147)	-	(24,902)	(30)	-
Forward exchange contracts:						
-selling foreign currency	(82,600)	-	-	(35,100)	-	-
-buying foreign currency	-	-	70	-	-	-
Net exposure - selling currency/(buying currency)	4,826	5,087	570	974	3,606	-

Group sensitivity analysis

At 30 April 2009, had the US dollar moved by 1.0 cent to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$298,000 higher/lower (2008 - a change of 0.5 cents: \$104,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of US dollar assets and liabilities.

At 30 April 2009, had the Papua New Guinea Kina moved by 2.5 Kina to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$1,836,000 higher/lower (2008 - a change of 1.6 Kina - \$293,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of Papua New Guinea Kina assets and liabilities.

At 30 April 2009, had the Solomon Islands dollar moved by 1.8 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$36,000 higher/lower (2008 - a change of 6.3 cents - \$124,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of Solomon Islands dollar assets and liabilities.

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

Notes to the Financial Statements

2 Financial risk management (continued)

(i) Foreign exchange risk (continued)

Ricegrowers Limited sensitivity analysis

At 30 April 2009, had the US dollar moved by 1.0 cent to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$63,000 higher/lower (2008 - a change of 0.5 cents - \$4,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of US dollar assets and liabilities.

The Company'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. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.

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

30 April 2009	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans and bank overdrafts	4.2	208,700	4.4	305,000
Interest rate swap (notional principal amount)	7.3	(32,000)	7.0	(46,000)
Net exposure to cash flow interest rate risk		176,700		259,000

30 April 2008	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans and bank overdrafts	8.4	158,700	7.7	238,762
Interest rate swap (notional principal amount)	5.9	(41,350)	6.1	(55,350)
Net exposure to cash flow interest rate risk		117,350		183,412

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

Group sensitivity analysis

At 30 April 2009, 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 \$453,000 lower/higher (2008: \$321,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

Ricegrowers Limited sensitivity analysis

At 30 April 2009, 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 \$309,000 lower/higher (2008: \$205,000 lower/higher) as a result of lower/higher interest expense on variable borrowings.

(iii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale financial assets. The Group's exposure to movements in equity securities price risk is not considered material.

Notes to the Financial Statements

2 Financial risk management (continued)

(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 Moodys A3 or Standard and Poors A minus are accepted. Domestic customers are assessed for credit quality taking into account its 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.

(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.

Financing arrangements

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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Floating rate:				
Bank overdraft - expiring within one year	5,000	5,000	10,701	9,963
Bank loans - expiring within one year	15,000	238,100	15,026	244,764
Bank loans - expiring beyond one year	-	400	6,339	5,900
	20,000	243,500	32,066	260,627

For additional information on significant terms and conditions of bank facilities refer to note 20.

Maturities of financial liabilities

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

Consolidated - 30 April 2009	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	123,859	13,771	42,714	12,919	193,263	193,263
Variable rate	160,902	102,623	31,433	2,615	297,573	295,343
Fixed rate	15,776	13,850	2,192	-	31,818	29,287
Total non-derivatives	300,537	130,244	76,339	15,534	522,654	517,893
Derivatives						
Interest rate swaps - net settled	481	629	1,052	-	2,162	2,162
Foreign currency contracts - gross settled						
(inflow)	(145,717)	-	-	-	(145,717)	(386)
outflow	146,078	-	-	-	146,078	747
Total derivatives	842	629	1,052	-	2,523	2,523

Notes to the Financial Statements

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Consolidated - 30 April 2008	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	98,184	15,743	42,686	21,940	178,553	178,553
Variable rate	182,958	22,176	30,684	-	235,818	233,613
Fixed rate	11,733	12,695	13,382	-	37,810	33,909
Total non-derivatives	292,875	50,614	86,752	21,940	452,181	446,075

Derivatives

Interest rate swaps - net settled	(257)	(533)	-	-	(790)	(790)
Foreign currency contracts - gross settled (inflow)	(58,470)	-	-	-	(58,470)	(24)
outflow	58,693	-	-	-	58,693	247
Total derivatives	(34)	(533)	-	-	(567)	(567)

Ricegrowers Limited – 30 April 2009

	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	107,867	4,603	-	-	112,470	112,470
Variable rate	149,443	60,900	12	-	210,355	209,076
Fixed rate	11,916	7,887	-	-	19,803	19,017
Total non-derivatives	269,226	73,390	12	-	342,628	340,563

Derivatives

Interest rate swaps - net settled	247	629	1,052	-	1,928	1,928
Foreign currency contracts - gross settled (inflow)	(113,486)	-	-	-	(113,486)	(64)
outflow	113,422	-	-	-	113,422	-
Total derivatives	183	629	1,052	-	1,864	1,864

Ricegrowers Limited – 30 April 2008

	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	78,373	1,154	-	-	79,527	79,527
Variable rate	137,670	22,176	184	-	160,030	159,194
Fixed rate	10,249	12,387	8,245	-	30,881	28,266
Total non-derivatives	226,292	35,717	8,429	-	270,438	266,987

Derivatives

Interest rate swaps - net settled	(257)	(241)	-	-	(498)	(498)
Foreign currency contracts - gross settled (inflow)	(37,600)	-	-	-	(37,600)	(24)
outflow	37,576	-	-	-	37,576	-
Total derivatives	(281)	(241)	-	-	(522)	(522)

Notes to the Financial Statements

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.

(a) Critical accounting estimates and assumptions

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 assets and goodwill 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 16 for the details of these assumptions.

(b) Critical judgements in applying the entity's accounting policies

(i) 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 inventory accounting policy in note 1(f). Raw materials in the form of paddy carried over from 2008 to 2009 has been valued at the actual grower return. Raw materials in the form of paddy carried over from 2007 to 2008 has been valued at the actual grower return.

4 Revenue

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Sales revenue				
Sale of goods	720,269	535,921	894,909	706,555
Services	-	-	1,311	1,098
	720,269	535,921	896,220	707,653
Other revenue				
Interest received	3,101	682	1,361	773
Dividends received	33	360	74	15
Other sundry items	2,682	927	3,994	1,175
Grain storage fee income	326	109	326	109
Commodity contracts	75	757	75	757
Subsidiary performance fee income	-	3,940	-	-
	6,217	6,775	5,830	2,829
	726,486	542,696	902,050	710,482

5 Other income

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Fair value adjustment to investment properties	-	383	-	383
Net gain on disposal of investment in associate	1,285	-	-	-
Net gain on disposal of available-for-sale financial assets	54	169	54	169
Foreign exchange gains	844	888	1,682	1,098
	2,183	1,440	1,736	1,650

Notes to the Financial Statements

6 Expenses

Profit before income tax includes the following specific expenses:

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Contributions to employee superannuation plans	1,251	1,805	2,098	2,538
Depreciation and amortisation				
Buildings	1,034	1,194	7,582	7,710
Plant and equipment	9,820	10,686	13,928	14,201
Leasehold improvements	51	11	499	192
Patents/brands and software	426	525	686	678
Total depreciation and amortisation expense	11,331	12,416	22,695	22,781
Other expenses				
Freight and distribution costs	31,884	35,623	52,208	51,205
Rice Marketing Board fees	50	243	50	243
AGS storage asset charge	12,396	12,396	-	-
Energy	4,983	5,796	6,362	6,402
Water procurement	-	2,377	-	2,377
Contracted services	8,884	9,782	10,055	9,207
Operating lease expenditure	3,280	3,485	7,097	6,613
Research and development	583	1,000	114	519
Advertising and artwork	5,075	3,767	8,749	7,167
Fair value adjustment to investment properties	1,000	-	1,000	-
Redundancy expenses	1,716	8,600	1,716	8,600
Net loss on disposal of property, plant and equipment	397	72	305	414
Net loss on sale of investments	-	-	552	-
Impairment losses - trade receivables	206	29	311	33
Other	20,476	27,985	33,518	36,014
Total other expenses	90,930	111,155	122,037	128,794

Notes to the Financial Statements

7 Income tax expense

(a) Income tax expense

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current tax expense	(26,516)	(3,265)	(31,628)	(8,233)
Deferred tax benefit/(expense)	397	621	(96)	2,225
Adjustments for current tax of prior periods	(35)	937	2,274	529
Income tax expense attributable to profit from continuing operations	(26,154)	(1,707)	(29,450)	(5,479)

Deferred income benefit/(expense) included in income tax expense comprises:

Increase/(decrease) in deferred tax assets (note 18)	636	602	264	2,810
(Increase)/decrease in deferred tax liabilities (note 22)	(239)	19	(360)	(585)
	397	621	(96)	2,225

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before related income tax	88,062	9,033	106,274	20,456
Income tax expense calculated at the Australian rate of tax of 30% (2008: 30%)	(26,418)	(2,710)	(31,882)	(6,137)

Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:

Entertainment	(20)	(23)	(20)	(32)
Income from controlled foreign companies	(73)	(102)	(73)	(102)
Tax offset for intercompany dividends	-	4	-	4
Research & development	114	106	119	102
Sundry items	278	81	416	157
	299	66	442	129

Difference in overseas tax rates	-	-	(284)	-
Adjustments for current tax of prior periods	(35)	937	2,274	529
Income tax expense	(26,154)	(1,707)	(29,450)	(5,479)

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity

Net deferred tax - debited (credited) directly to equity (note 18 and 22)	776	(65)	1,347	(157)
---	-----	------	-------	-------

(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.

Notes to the Financial Statements

8 Cash and cash equivalents

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	13,457	1,734	26,522	13,532
	13,457	1,734	26,522	13,532

(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	13,457	1,734	26,522	13,532
Less: Bank overdraft (note 20)	-	-	(3,645)	(793)
Balances per statement of cash flows	13,457	1,734	22,877	12,739

(b) Risk exposure

The Group's and the parent entity'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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current				
Trade receivables	50,603	42,302	92,362	72,988
Provision for impairment of receivables (note a)	(137)	(111)	(255)	(188)
	50,466	42,191	92,107	72,800
Other receivables	791	918	3,147	2,930
Owing by subsidiaries*	124,668	51,367	-	-
GST receivable	1,163	1,186	1,169	1,193
Prepayments	416	1,508	20,365	3,168
	177,504	97,170	116,788	80,091
Non-current				
Loan receivable	1,611	1,000	1,611	1,000
Owing by subsidiaries	20,574	5,985	-	-
	22,185	6,985	1,611	1,000

* The increase versus the prior year is due to a loan to SunFoods LLC for working capital.

Notes to the Financial Statements

9 Receivables (continued)

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
1 to 3 months	85	86	175	164
3 to 6 months	67	112	94	112
Over 6 months	114	-	114	-
	266	198	383	276

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

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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
At May	111	113	188	297
Provision for impairment recognised during the year	206	29	311	33
Receivables written off during the year as uncollectible	(73)	(68)	(73)	(72)
Foreign currency difference on translation	-	-	20	(6)
Unused amount reversed	(107)	37	(191)	(64)
	137	111	255	188

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:

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Up to 3 months	2,514	1,257	7,922	5,533
3 to 6 months	302	187	1,054	377
	2,816	1,444	8,976	5,910

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

Notes to the Financial Statements

9 Receivables (continued)

(c) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(d) Fair values

The Directors consider the carrying amount of trade receivables and amounts owing by subsidiaries approximate their fair value.

(e) Risk exposure

Information about the Group's and the parent entity'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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Raw materials at net realisable value	45,480	61,526	92,078	92,204
Finished goods at net realisable value	155,589	86,964	233,255	126,222
Packaging materials at net realisable value	4,775	3,353	11,932	7,329
Engineering and consumable stores at net realisable value	3,738	4,247	4,980	5,045
	209,582	156,090	342,245	230,800

11 Other financial assets

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Shares in subsidiaries	4,173	4,173	-	-
Other unlisted securities	30	26	127	140
	4,203	4,199	127	140

12 Available-for-sale financial assets

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
At beginning of year	321	386	332	397
Revaluation	(88)	(65)	(95)	(65)
Disposal	(233)	-	(233)	-
At end of year	-	321	4	332
Listed securities	-	321	4	332

Fair value is the market value of these securities taken at the bid price at close of business on 30 April 2009.

Notes to the Financial Statements

13 Derivative financial instruments

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current assets				
Interest rate swaps (cash flow hedges)	-	498	-	790
Forward foreign exchange contracts (cash flow hedges)	64	24	386	24
	64	522	386	814
Current liabilities				
Interest rate swaps (cash flow hedges)	1,928	-	2,162	-
Forward foreign exchange contracts (cash flow hedges)	-	-	747	247
	1,928	-	2,909	247

(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 consolidated entity 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 economic entity to raise long-term borrowings at floating rates and effectively swap them into fixed rates. Under the interest rate swaps, the entity 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.

Consolidated

Swaps currently in place cover 28% (2008: 36%) of the core debt loan principal outstanding. The fixed interest rates range between 6.25% - 7.95% (2008: 5.795%-7.95%) and the variable rates are between 3.60% and 8.25%.

Ricegrowers Limited

Swaps currently in place cover 40% (2008: 50%) of the core debt loan principal outstanding. The fixed interest rates range between 6.275% - 7.895% (2008: 5.795%-6.275%) and the variable rates are between 3.82% and 4.93% for the 90 day bank bill term, which at balance date was 3.13% (2008: 8.54%).

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.

(ii) Forward exchange contracts - cash flow hedges

The consolidated entity 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 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.

Consolidated

During the year ended 30 April 2009 a loss of \$179,000 (2008 - loss \$217,000) was reclassified from equity and included within the hedged item. There was hedge ineffectiveness resulting in a gain of \$931,000 in the current year (2008 - gain of \$24,000) that was recognised in other income.

Ricegrowers Limited

During the year ended 30 April 2009 there was no gain/loss reclassified from equity. There was hedge ineffectiveness resulting in a gain of \$87,000 in the current year (2008 - gain of \$24,000) that was recognised in other income.

(b) Risk exposure

Information about the Group's and the parent entity'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.

Notes to the Financial Statements

14 Investments accounted for using the equity method

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Shares in associates	-	3,588	1,068	5,712

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest		Consolidated carrying amount	Ricegrowers Limited carrying amount
		2009	2008	\$000's	\$000's
Herto NV (incorporated in Belgium)	Manufacturing	-	33%	-	-
Pagini Transport (incorporated in Papua New Guinea)	Transport	31.56%	31.56%	1,068	-

Ricegrowers Limited's interest in Herto NV was sold on 16 October 2008.

	2009	Consolidated
	\$000's	2008 \$000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	5,712	5,334
Share of profit after related income tax	582	378
Sale of investment	(5,425)	-
Foreign currency difference	199	-
Carrying amount at the end of the financial year	1,068	5,712

(b) Share of associates' profits

Profit before related income tax	875	553
Income tax expense	(293)	(175)
Profits after related income tax	582	378

(c) Summarised financial information of associates

	Assets	Liabilities	Revenues	Profits
	\$000's	\$000's	\$000's	\$000's
2009				
Herto NV	-	-	-	-
Pagini Transport	10,983	7,598	3,534	(328)
2008				
Herto NV	36,009	26,388	39,119	986
Pagini Transport	8,415	5,955	4,837	244

The associates operate 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.

Notes to the Financial Statements

15 Property, plant and equipment

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Freehold land				
At cost	4,081	4,077	12,405	9,190
Less impairment	(39)	-	(39)	-
	4,042	4,077	12,366	9,190
Buildings				
At cost	52,975	52,498	186,888	178,441
Less impairment	(1,247)	-	(1,247)	-
Less accumulated depreciation	(23,695)	(22,667)	(42,477)	(34,842)
	28,033	29,831	143,164	143,599
Leasehold improvements				
At cost	1,623	1,700	11,288	9,572
Less accumulated depreciation	(929)	(1,238)	(1,826)	(1,909)
	694	462	9,462	7,663
Plant and equipment				
At cost	156,402	158,086	211,298	196,321
Less impairment	(7,373)	-	(7,373)	-
Less accumulated depreciation	(107,688)	(100,752)	(129,021)	(116,023)
Under finance lease	673	646	937	646
Less accumulated depreciation	(364)	(201)	(391)	(201)
	41,650	57,779	75,450	80,743
Capital works in progress				
At cost	696	592	2,739	919
	75,115	92,741	243,181	242,114

Reconciliations

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

Consolidated	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2008	152,789	7,663	80,743	919	242,114
Additions through acquisition of entity	8,727	-	6,575	-	15,302
Additions	5	430	1,502	6,209	8,146
Recognition of finance lease	-	-	277	-	277
Capital works in progress reclassifications	595	417	3,598	(4,610)	-
Transfers/disposals/scraping	(6)	(89)	(698)	-	(793)
Depreciation expense	(7,582)	(499)	(13,928)	-	(22,009)
Impairment loss	(1,286)	-	(7,372)	-	(8,658)
Foreign currency differences	2,288	1,540	4,753	221	8,802
Carrying amount at 30 April 2009	155,530	9,462	75,450	2,739	243,181

Notes to the Financial Statements

15 Property, plant and equipment (continued)

Ricegrowers Limited	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2008	33,908	462	57,779	592	92,741
Additions	-	-	-	2,535	2,535
Recognition of finance lease	-	-	47	-	47
Capital works in progress reclassifications	493	317	1,621	(2,431)	-
Transfers/disposals/scraping	(6)	(34)	(605)	-	(645)
Impairment loss	(1,286)	-	(7,372)	-	(8,658)
Depreciation expense	(1,034)	(51)	(9,820)	-	(10,905)
Carrying amount at 30 April 2009	32,075	694	41,650	696	75,115

Fixed assets at Coleambally Mill and Deniliquin Mill #2 are not expected to be used in the foreseeable future. As a result, the Coleambally Mill assets have been impaired by \$6.3m and the Deniliquin Mill # 2 assets have been impaired by \$1.7m in the period. Certain assets at the Specialty plant were also impaired by \$0.7m. Recoverable amount for these assets was assessed as fair value less costs to sell.

Consolidated	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2007	160,023	3,316	87,907	2,985	254,231
Additions	-	476	1,874	9,741	12,091
Recognition of finance lease	-	-	265	-	265
Capital works in progress reclassifications	1,102	4,100	6,599	(11,801)	-
Transfers/disposals/scraping	(626)	(1)	(731)	-	(1,358)
Depreciation expense	(7,710)	(192)	(14,201)	-	(22,103)
Foreign currency differences	-	(36)	(970)	(6)	(1,012)
Carrying amount at 30 April 2008	152,789	7,663	80,743	919	242,114

Ricegrowers Limited	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2007	34,297	473	64,211	1,668	100,649
Additions	-	-	-	4,348	4,348
Recognition of finance lease	-	-	265	-	265
Capital works in progress reclassifications	1,092	-	4,332	(5,424)	-
Transfers/disposals/scraping	(287)	-	(343)	-	(630)
Depreciation expense	(1,194)	(11)	(10,686)	-	(11,891)
Carrying amount at 30 April 2008	33,908	462	57,779	592	92,741

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 align with RMB's 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.

Assets pledged as security

There are fixed and floating charges over all fixed assets.

Notes to the Financial Statements

16 Intangibles

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Goodwill	185	185	2,826	2,823
Patents and brands	3,379	3,379	9,595	5,191
Less accumulated amortisation	(983)	(812)	(2,000)	(1,595)
	2,396	2,567	7,595	3,596
Software	2,130	2,119	2,562	2,462
Less accumulated amortisation	(2,075)	(2,031)	(2,149)	(2,059)
	55	88	413	403
Other	1,000	1,000	1,000	1,000
Less accumulated amortisation	(567)	(367)	(567)	(367)
	433	633	433	633
	3,069	3,473	11,267	7,455

Consolidated	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2008	2,823	3,596	403	633	7,455
Additions	-	3,825	112	-	3,937
Amortisation charge	-	(384)	(102)	(200)	(686)
Foreign exchange difference on translation	3	558	-	-	561
Closing net book amount	2,826	7,595	413	433	11,267

Ricegrowers Limited	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2008	185	2,567	88	633	3,473
Additions	-	-	22	-	22
Amortisation charge	-	(171)	(55)	(200)	(426)
Closing net book amount	185	2,396	55	433	3,069

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

	2009	2008
	\$000's	\$000's
Rice Milling and Marketing	36	33
Coprice	185	185
Other Complementary businesses	2,605	2,605
	2,826	2,823

Notes to the Financial Statements

16 Intangibles (continued)

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 following 2009 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

CGU	Growth Rate		Discount Rate	
	2009	2008	2009	2008
	%	%	%	%
Rice Milling and Marketing	1.0	2.4	10.0	10.0
Coprice	1.0	2.4	10.0	10.0
Other Complementary Businesses	1.0	2.4	10.0	10.0

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

17 Investment properties

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
At fair value				
Opening balance at 1 May	5,108	4,725	5,108	4,725
Net gain/(loss) from fair value adjustment	(1,000)	383	(1,000)	383
Closing balance at 30 April	4,108	5,108	4,108	5,108

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 company has two investment properties. The Griffith site was valued in 2009 by a certified practising valuer. The Yenda site is in the process of being sold subject to the terms of the purchase agreement.

18 Deferred tax assets

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
The balance comprises temporary differences attributable to:				
Provisions	2,991	2,394	3,872	3,237
Accruals	842	428	1,066	643
Depreciation	3,258	1,287	3,487	1,710
Foreign exchange	-	2,235	-	2,235
Inventories	-	-	3,743	1,757
Other	20	190	20	192
	7,111	6,534	12,188	9,774
Cash flow hedges	586	-	1,069	-
Total deferred tax assets	7,697	6,534	13,257	9,774

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Movements				
Opening balance at 1 May	6,534	11,161	9,774	12,748
Credited/(charged) to income statement	636	602	264	2,810
Adjustment deferred tax prior period	(59)	1,738	2,150	1,278
Utilisation of tax losses	-	(6,967)	-	(6,968)
Charged to equity	586	-	1,069	(94)
Closing balance at 30 April	7,697	6,534	13,257	9,774

Notes to the Financial Statements

19 Payables

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current				
Trade and other payables	39,559	52,346	77,376	76,090
Owing to subsidiaries	25,253	3,933	-	-
Amounts payable to Australian ricegrowers	16,097	14,403	16,097	14,403
Dividends	1	7,691	1	7,691
	80,910	78,373	93,474	98,184
Non-current				
Amounts payable to Australian ricegrowers	4,603	1,154	4,603	1,154
Trade and other payables	-	-	64,801	79,215
	4,603	1,154	69,404	80,369

(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 and the parent entity's exposure to foreign exchange risk is provided in note 2.

20 Borrowings

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current				
Secured				
Bank overdrafts	-	-	3,645	793
Bank loans	148,000	136,700	158,341	180,917
Lease liability (note 28)	174	156	231	156
Unsecured				
Rice bonds (note 27)	11,221	8,575	11,221	8,575
	159,395	145,431	173,438	190,441
Non current				
Secured				
Bank loans	60,700	22,000	143,014	57,052
Lease liability (note 28)	202	338	382	338
Unsecured				
Rice bonds (note 27)	7,796	19,691	7,796	19,691
	68,698	42,029	151,192	77,081

(a) Significant terms and conditions of bank facilities

The bank loans, including overdrafts and facilities of the company, are secured by specific registered mortgages over property, registered equitable mortgages over all assets, and a cross-guarantee between Ricegrowers Limited and subsidiary, Riviana Foods Pty Ltd, all of which are held in trust on behalf of the company's banks by Commonwealth Custodial Services Limited. The liabilities associated with controlled entities are secured by way of registered first mortgages over property. In addition, debt covenants apply to the above bank loans.

Current bank loans for the company include \$22.0m (\$60.7m - 30 April 2008) that has previously been included in non current bank loans in prior periods. This loan is being re-negotiated as part of the normal review of the company's facility. The company is confident the facility will be renewed.

Notes to the Financial Statements

20 Borrowings (continued)

(b) Fair values

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

(c) Carrying amount of all assets pledged as security

There is a fixed and floating charge over all fixed assets disclosed in note 15.

(d) Risk exposure

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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
The Group's bank loans are categorised as follows:				
Seasonal debt	126,000	76,000	136,341	83,217
Core debt	82,700	82,700	134,514	124,252
AGS debt	-	-	30,500	30,500
	208,700	158,700	301,355	237,969
Representing:				
Current bank loans	148,000	136,700	158,341	180,917
Non-current bank loans	60,700	22,000	143,014	57,052
	208,700	158,700	301,355	237,969

(a) Seasonal debt

Seasonal debt represents borrowings used for the purpose of funding working capital requirements and is liquidated over the financial period.

(b) Core debt

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

(c) AGS debt

The AGS debt represents loans to Australian Grain Storage Pty Ltd to pay the Rice Marketing Board annually as part of the acquisition of the RMB storage assets.

21 Provisions

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Current				
Employee benefits (note 29)	7,126	6,537	8,536	7,693
Employee allowances	59	83	59	83
Directors' retirement benefits	826	717	826	717
	8,011	7,337	9,421	8,493
Non current				
Employee benefits (note 29)	2,101	1,691	3,537	2,936
	2,101	1,691	3,537	2,936

(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. Present values are calculated using a weighted average rate of 4.57% based on government guaranteed securities with similar maturity terms.

(b) Fair values

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

Notes to the Financial Statements

22 Deferred tax liabilities

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
The balance comprises temporary differences attributable to:				
Prepayments	396	40	435	63
Inventories	1,227	1,276	1,342	1,765
Investment property	241	504	241	504
Depreciation	-	-	237	774
Foreign exchange	193	-	1,006	-
Other	-	-	84	12
	2,057	1,820	3,345	3,118
Cash flow hedges	-	149	-	237
Available-for-sale financial assets	-	41	-	41
Net deferred tax liabilities	2,057	2,010	3,345	3,396
Movements				
Opening balance at 1 May	2,010	1,832	3,396	2,533
(Credited)/charged to profit and loss	239	(19)	360	585
Adjustment deferred tax prior period	(2)	132	(133)	215
Charged/(credited) to equity	(190)	65	(278)	63
Closing balance at 30 April	2,057	2,010	3,345	3,396

Notes to the Financial Statements

23 Contributed equity

(a) Share capital

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Fully paid Ordinary B Class Shares	58,072	54,194	58,072	54,194

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

Date	Details	Number of shares	Issue price	\$000's
1 May 2007	Balance	27,348,495		39,573
16 July 2007	Dividend Reinvestment	967,998	\$2.14	2,072
27 July 2007	Issue shares	330,965	\$2.14	708
20 December 2007	Share Issue Offer	5,533,431	\$2.14	11,841
1 May 2008	Balance	34,180,889		54,194
15 July 2008	Dividend Reinvestment (i)	996,638	\$2.14	2,133
31 July 2008	Share Issue Offer (ii)	815,359	\$2.14	1,745
30 April 2009	Balance	35,992,886		58,072

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.

(ii) Share issue offer

On 13 June 2008, Ricegrowers Limited issued a prospectus for the issue of B class shares to existing shareholders. As at 31 July 2008 the issue resulted in 815,359 fully paid shares being issued. 538,220 shares (\$1,151,792) were paid for by the conversion of rice bonds, 264,239 (\$565,471) were paid for by the use of proceeds from RMB Equity Rollover payments and 12,900 shares (\$27,606) were paid in cash.

A Class shares

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

At 30 April 2009, 1,044 (2008:1,106) 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, so they can continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure, the Board may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

24 Reserves and retained profits

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Reserves				
General reserve	18,657	18,657	28,450	28,450
Asset revaluation reserve	-	-	4,917	4,917
Foreign currency translation reserve	-	-	(10,040)	(13,960)
Hedging reserve - cash flow hedges	(1,365)	349	(2,298)	383
Available-for-sale financial assets revaluation reserve	-	274	-	278
	17,292	19,280	21,029	20,068

(a) Movements

Foreign currency translation reserve

Balance 1 May	-	-	(13,960)	(13,705)
Net exchange difference on translation of overseas controlled entities	-	-	3,920	(255)
Balance 30 April	-	-	(10,040)	(13,960)

Hedging reserve - cash flow hedges

Balance 1 May	349	159	383	14
Revaluation - gross	(2,449)	270	(3,870)	608
Deferred tax	735	(80)	1,189	(239)
Balance 30 April	(1,365)	349	(2,298)	383

Available-for-sale financial assets revaluation reserve

Balance 1 May	274	312	278	316
Revaluation - gross	(88)	101	(94)	101
Deferred tax	26	(30)	28	(30)
Transfer to net profit - gross	(384)	(155)	(384)	(155)
Deferred tax	172	46	172	46
Balance 30 April	-	274	-	278

Retained profits

Balance 1 May	25,052	25,417	53,262	46,857
Net profit for the year	61,908	7,326	75,811	14,096
Dividends provided for or paid	-	(7,691)	-	(7,691)
Balance 30 April	86,960	25,052	129,073	53,262

(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.

Notes to the Financial Statements

24 Reserves and retained profits (continued)

(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.

(v) Available-for-sale financial assets revaluation reserve

Changes in the fair value of equities are taken to the available-for-sale financial assets revaluation reserve, as described in note 1(d). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

25 Unfranked Dividends

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Final dividend declared for the year ended 30 April 2009 of nil cents (2008: 22.5 cents) per fully paid share	-	7,691	-	7,691

On 1 June 2009 the Directors declared a fully franked final dividend of 22.5 cents per share.

26 Contingencies

Contingent liabilities

The estimated maximum amounts of contingent liabilities not provided for in the accounts of Ricegrowers Limited and its controlled entities as at 30 April 2009 are:

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Discounted export bill proceeds (guarantees)	-	589	-	589
Letters of credit	27,991	12,251	27,991	12,251
Guarantee of bank advances	953	197	1,754	1,015
	28,944	13,037	29,745	13,855

27 Rice bonds

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Due for repayment:				
Within one year	11,221	8,575	11,221	8,575
Within one to two years	7,796	11,588	7,796	11,588
Within three to five years	-	8,103	-	8,103
	19,017	28,266	19,017	28,266
Representing:				
Current (note 20)	11,221	8,575	11,221	8,575
Non current (note 20)	7,796	19,691	7,796	19,691
	19,017	28,266	19,017	28,266

Effective July 1997, Ricegrowers Limited has issued Rice Bonds as an alternative funding mechanism. The Rice Bonds are subordinated and amount to \$19,017,000 (2008: \$28,266,000). The bonds have repayment terms between 3 and 7 years. Interest is payable annually in arrears at an average rate of 7.6% (2008: 7.8%).

Notes to the Financial Statements

28 Commitments for expenditure

(a) Capital Commitments (property, plant and equipment)

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	443	187	2,606	191

(b) Lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:

Within one year	1,861	1,839	9,102	4,910
Later than one year but not later than five years	3,444	1,248	18,177	12,612
Later than five years	155	28	7,354	7,587
	5,460	3,115	34,633	25,109
Representing:				
Cancellable operating leases	5,460	3,115	34,633	25,109

Commitments in relation to finance leases are payable as follows:

Within one year	188	172	261	172
Later than one year but not later than five years	210	360	414	360
Minimum lease payments	398	532	675	532
less: future finance charges	(22)	(38)	(62)	(38)
Recognised as a liability	376	494	613	494

Representing lease liabilities:

Current (note 20)	174	156	231	156
Non current (note 20)	202	338	382	338
	376	494	613	494

Refer to note 15 for the carrying value of assets under finance lease.

Notes to the Financial Statements

29 Employee benefits

(a) Employee benefits and related on cost liabilities

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Provision for employee benefits (note 21)				
Current	7,126	6,537	8,536	7,693
Non-current	2,101	1,691	3,537	2,936
Aggregate employee entitlement benefits	9,227	8,228	12,073	10,629
Employee numbers		Number		Number
Average number of employees during the year	492	639	1,657	1,693

(b) Superannuation plan/commitments

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

Subsidiary Riviana Foods Pty Ltd, operates a defined benefit superannuation plan for 4 employees, Riviana Foods Superannuation Plan.

An actuarial valuation was performed as at 1 July 2006, which showed the plan was in surplus by \$125,000. At 30 April 2009, an actuarial estimate of the value of the plan was performed, which showed the plan was in surplus by \$35,000.

	Consolidated	
	2009	2008
	\$000's	\$000's
The following sets out the details for the defined benefit members of the Riviana Foods Superannuation plan.		
Net Assets	426	497
less: Vested Benefits	(391)	(443)
Surplus	35	54

Notes to the Financial Statements

30 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	Principal activities	Direct/indirect interest in ordinary shares/equity	
		2009	2008
		%	%
(i)^ SunRice Trading Pty Ltd	Distribution of Rice	100	100
(vii)* SunFoods LLC	Processing and distribution of rice	65	-
(i)@ Rice Research Australia Pty Ltd	Research into rice growing	100	100
(i)* Australian Grain Storage Pty Ltd	Grain Storage Assets	100	100
(i)^ SunRice Australia Pty Ltd	Marketing	100	100
(i)^ Silica Resources Pty Ltd	Investment Co	100	100
(i)* Riviana Foods Pty Ltd	Importation /distribution of food products	100	100
(ii) (iii) * Trukai Industries Limited	Distribution of rice	66.23	66.23
(iii)* Trukai (Wholesale) Limited	Distribution of rice	66.23	66.23
(iii)* Rice Industries Limited	Property	66.23	66.23
(iv)* Solomons Rice Company Limited	Distribution of rice	100	100
(v)* SunArise Insurance Company Ltd	Insurance Co	100	100
(i) ^ Australian Rice Growers Co-operative Ltd	Marketing	100	100
(vi)* Aqaba Processing Company Ltd	Rice packing/storage	80	80
(i) ^^ Hulltech Pty Ltd	Marketing	-	100
(i)^^ Ricegrowers Superannuation Plan Pty Ltd	Superannuation Trust Co	-	100
(i)^ Seatide Pty Ltd	Distribution of rice	100	100
(vii) Sunshine Rice, Inc	Marketing	100	100
(i)^^ Stockfeed Manufacture & Distribution Pty Ltd	Distribution of rice	-	100

Legend

- (i) Incorporated in Australia
- (ii) Ricegrowers Limited holds Ordinary "A" Class shares in Trukai Industries Ltd
- (iii) Incorporated in Papua New Guinea
- (iv) Incorporated in Solomon Islands
- (v) Incorporated in Bermuda
- (vi) Incorporated in Jordan
- (vii) Incorporated in USA
- * Controlled entity audited by another PricewaterhouseCoopers firm
- @ Controlled entity not audited as it is a small proprietary company not required to prepare financial statements
- ^ Dormant
- ^^ Deregistered in 2009

Notes to the Financial Statements

30 Investments in subsidiaries (continued)

Minority 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.

	Consolidated	
	2009	2008
	\$000's	\$000's
<i>Interest in:</i>		
Contributed equity	8,067	359
Reserves	1,839	919
Retained profits	5,379	3,978
	15,285	5,256

31 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 30.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 19 of the Directors report.

(d) Transactions with related parties

During the year the company entered into the following transaction types with entities in the wholly owned group or key management personnel; sale of rice and other rice products, purchase of paddy rice; receipt of management fees and payment of licence and packaging fees; advancement of loans and receipt of loans. The transactions were made on negotiated terms and conditions and at market rates except for interest free loans between controlled entities.

	Ricegrowers Limited	
	2009	2008
	\$000's	\$000's
(i) Transaction type and class of other party		
Sale of rice to controlled entities	238,163	146,779
Dividends received from controlled entities	-	345
Subsidiary performance fee income	-	3,940
Interest revenue from group entities	1,769	17

	Ricegrowers Limited	
	2009	2008
	\$000's	\$000's
(ii) Amounts receivable from and payable to entities in the wholly owned group		
Aggregate amounts receivable at balance date from:		
- Current - controlled entities	124,668	51,367
- Non-current - controlled entities	20,574	5,985
	145,242	57,352

Aggregate amounts payable at balance date to:

- Current - controlled entities	25,253	3,933
---------------------------------	---------------	-------

No provisions for impairment have been raised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to the Financial Statements

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

	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$000's	\$000's	\$000's	\$000's
Profit for the year	61,908	7,326	75,811	14,096
Depreciation and amortisation	11,331	12,416	22,695	22,781
Loss on sale/disposal of property, plant and equipment	397	72	305	414
Loss/(gain) on fair value revaluation of investment property	1,000	(383)	1,000	(383)
(Gain)/loss on sale of investments	(1,339)	(169)	498	(169)
Gain on fair value adjustment to derivatives	(64)	(107)	(907)	(107)
Impairment of fixed assets	8,658	-	8,658	-
Share of associates net profit	-	-	(582)	(378)
Changes in operating assets and liabilities				
(Increase)/decrease in trade and other receivables	(94,597)	(932)	(36,364)	4,960
(increase)/decrease in inventories	(53,492)	54,513	(112,794)	44,878
Increase/(decrease) in amounts payable to growers	5,143	(55,163)	5,143	(55,163)
Increase/(decrease) in trade and other creditors and employee entitlements	9,618	2,387	(294)	5,367
Increase in provision for income taxes payable	25,043	199	27,441	1,178
(Increase)/decrease in deferred tax balances	(504)	4,739	(2,437)	3,612
Net cash (outflows)/inflows from operating activities	(26,898)	24,898	(11,827)	41,086

33 Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
(a) Basic and Diluted earnings per share		
Basic and Diluted earnings per share	213	46
	Consolidated	
	2009	2008
	\$000's	\$000's
(b) Reconciliation of earnings per share		
Profit for the year	75,811	14,096
	Consolidated	
	2009	2008
	\$000's	\$000's
(c) Weighted average number of shares used as a denominator		
Weighted average number of B Class shares	35,581	30,360

Notes to the Financial Statements

34 Business combination

(a) Summary of acquisition

On 1 October 2008 Sunshine Rice, Inc acquired 65% of the issued capital of SunFoods LLC, a newly formed company. SunFoods LLC purchased assets from Gold River Mills and Pacific Basin Milling for US\$16,000,000.

The acquired business combination contributed revenues of \$89,288,614 and net profit of \$2,581,778 to the Group for the period 1 October 2008 to 30 April 2009.

Details of the fair value of the assets acquired are as follows:

	\$000's
Total purchase consideration (65%) (refer to (b) below)	12,433
Fair value of net identifiable assets acquired (refer to (c) below)	12,433
Goodwill	-

(b) Purchase consideration

	Sunshine Rice, Inc		Consolidated	
	April 2009	April 2008	April 2009	April 2008
	\$000's	\$000's	\$000's	\$000's
Outflow of cash	12,433	-	12,433	-

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition (100%) are as follows:

	Acquiree's carrying amount	Fair value
	\$000's	\$000's
Property, plant and equipment	15,302	15,302
Intangible assets: brands	3,825	3,825
Net assets	19,127	19,127
Minority interests		(6,694)
Net identifiable assets acquired		12,433

35 Subsequent events

On 1 June 2009 the Directors declared a fully franked final dividend of 22.5 cents per share.

On 1 June 2009 the company issued the following prospectuses. The first is an offer to B Class Shareholders and RMB Equity Holders to convert all their RMB equity to cash and shares. As part of this prospectus, existing B class shareholders and new growers may also apply and pay for shares through the 2009 RMB Equity Rollover Payment, Rice Bonds and cash.

The second is a prospectus for the issue of B class shares to SunRice employees whereby employees may purchase shares under the approved employee share plan.

Notes to the Financial Statements

36 Segment information

(a) Description of segments

Business Segments

The business is organised on a global basis into the following divisions by product and service type.

Rice Milling & Marketing

The main entity Ricegrowers Limited (less Coprice division, Rice Flour, Rice Cakes and Specialty), Australian Grain Storage, Aqaba Processing Company - packaging plant, Solrice, SunArise - insurance company and SunRice Trading.

Complementary Businesses

This includes Riviana, SunFoods, Trukai and the divisions of Coprice, Rice Flour, Rice Cakes and Specialty businesses. The principal activities of the subsidiaries are outlined in note 30.

Other

Businesses included are RRAPL - research into rice growing and development of new varieties for RL, Silica - investment company, Herto nv (associate company), Seatide and Sunshine Rice.

Geographical Segments

Although the company's divisions are primarily managed in Australia, they operate in the following geographical areas:

Australia

The home country of the company which is also the main operating entity. The areas of operation are principally the receipt and storage of paddy rice, milling of rice, manufacture of rice based products, marketing of rice, research and development into the growing of rice, and the processing of rice and related products.

Pacific

Comprises operations carried on in Papua New Guinea, the Solomon Islands and other Pacific Islands.

Other

Comprises operations carried on in Jordan (the operation packages, stores, processes and distributes rice), United States of America (the operation mills and markets rice), Herto nv (associate company) and Sunshine Rice.

Notes to the Financial Statements

36 Segment information (continued)

(b) Primary reporting - business segments

	Rice Milling & Marketing	Complementary Businesses	Other	Intersegment Eliminations / Unallocated	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
2009					
Segment revenue					
Sales to external customers	372,612	503,514	20,094	-	896,220
Intersegment sales	235,588	76	69,659	(305,323)	-
Other revenue	21,598	5,098	650	(21,516)	5,830
Total segment revenue	629,798	508,688	90,403	(326,839)	902,050
Segment result					
Segment result before paddy price supplement	76,730	25,948	4,335	(739)	106,274
Paddy price supplement	-	-	-	-	-
Profit before income tax expense	76,730	25,948	4,335	(739)	106,274
Income tax expense					(29,450)
Profit for the year					76,824
Segment assets *	591,278	239,439	105,983	(189,393)	747,307
Unallocated assets					13,257
Total assets					760,564
Segment liabilities	476,139	136,197	93,054	(171,630)	533,760
Unallocated liabilities					3,345
Total liabilities					537,105
Other segment information					
Acquisitions of property, plant and equipment and intangibles	2,947	22,384	2,054	-	27,385
Depreciation & amortisation expense	14,865	7,057	773	-	22,695
Investments in associates	-	1,068	-	-	1,068
Share of net profits of associates	-	66	516	-	582

* Segment assets include an impairment taken up in the period. In the Rice Milling & Marketing segment the impairment is \$8m. In the Complementary segment the impairment is \$0.7m.

Notes to the Financial Statements

36 Segment Information (continued)

(b) Primary reporting - business segments (continued)

	Rice Milling & Marketing \$000's	Complementary Businesses \$000's	Other \$000's	Intersegment eliminations/ unallocated \$000's	Total \$000's
2008					
Segment revenue					
Sales to external customers	262,196	445,354	103	-	707,653
Intersegment sales	152,635	393	322	(153,350)	-
Other revenue	18,024	9,678	669	(25,542)	2,829
Total segment revenue	432,855	455,425	1,094	(178,892)	710,482
Segment result					
Segment result before paddy price supplement	(15,058)	40,676	396	(5,558)	20,456
Paddy price supplement	15,058	(15,058)	-	-	-
Profit before income tax expense	-	25,618	396	(5,558)	20,456
Income tax expense					(5,479)
Profit for the year					14,977
Segment assets	458,902	205,577	5,373	(82,755)	587,097
Unallocated assets					9,775
Total assets					596,872
Segment liabilities	396,372	124,404	2,161	(62,241)	460,696
Unallocated liabilities					3,396
Total liabilities					464,092
Other segment information					
Acquisitions of property, plant and equipment and intangibles	2,785	9,590	136	-	12,511
Depreciation & amortisation expense	16,119	6,490	172	-	22,781
Investments in associates	-	803	4,909	-	5,712
Share of net profits of associates	-	53	325	-	378

(c) Secondary reporting - geographical segments

	Total Sales revenue		Segment assets		Acquisitions property, plant & equipment and intangibles	
	2009 \$000's	2008 \$000's	2009 \$000's	2008 \$000's	2009 \$000's	2008 \$000's
Australia	630,089	521,679	559,450	511,167	4,473	6,722
Pacific	250,946	188,803	81,493	66,790	1,946	5,652
Other Countries	21,015	-	106,363	9,140	20,966	137
	902,050	710,482	747,306	587,097	27,385	12,511
Unallocated	-	-	13,258	9,775	-	-
Total	902,050	710,482	760,564	596,872	27,385	12,511

Notes to the Financial Statements

36 Segment Information (continued)

(d) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

37 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:

(a) Assurance services

Audit services	Ricegrowers Limited		Consolidated	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm	295,000	280,000	377,810	355,110
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	176,786	78,806
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	11,534	11,534
Total remuneration for audit services	295,000	280,000	566,130	445,450

(b) Other assurance services

Fees paid to PricewaterhouseCoopers Australian firm	20,700	-	20,700	-
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	76,222	4,900
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	-	15,126
Total remuneration for other assurance services	20,700	-	96,922	20,026
Total remuneration for assurance services	315,700	280,000	663,052	465,476

(c) Taxation services

Fees paid to PricewaterhouseCoopers Australian firm	404,835	362,721	404,835	362,721
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	9,099	15,327
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	-	744
Total remuneration for taxation services	404,835	362,721	413,934	378,792

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.

Notes to the Financial Statements



PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the members of Ricegrowers Ltd

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the balance sheet as at 30 April 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Ricegrowers Limited and the Ricegrowers Limited Group (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 Ricegrowers Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

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

**Independent auditor's report to the members of
(continued)**

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*.

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 2009 and of their 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 consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 36 to 40 of the directors' report for the year ended 30 April 2009. 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 2009, 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 2009 included on Ricegrowers Limited's web site. The company's directors are responsible for the integrity of the Ricegrowers Limited's 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 these statements 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.



**Independent auditor's report to the members of
(continued)**

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script that reads "P. J. Carney".

Paddy Carney
Partner

Sydney
12 June 2009

SUNRICE

REGISTERED OFFICE

NIP 37 Yanco Avenue, Leeton NSW 2705 Australia
PO Box 561, Leeton NSW 2705
Tel 02 6953 0411 Fax 02 6953 4733

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
PO Box 561, 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 5306611923 Fax +1 5306626058

Ricegrowers Limited

ABN 55 007 481 156

