





Contents

1	About SunRice	5
2	Business Highlights	7
3	Chairman's Message	8
4	CEO's Message	10
5	SunRice Around the World	12
6	Our Operations	14
7	Our Growers	16
8	Our Subsidiaries – Riviana	18
9	Our Subsidiaries – Trukai Industries	19
10	Our Subsidiaries – SunFoods	20
11	CopRice	21
12	Our Community and Environment	22
13	Our People and Culture	24
14	Board of Directors	26
15	Corporate Management Team	28
16	Corporate Governance Statement	30
17	Directors' Report and Financial Report	33
	Independent Audit Report to the Members of Ricegrowers Limited	93



Our people continue to drive SunRice's goal to become the world's favourite rice food company.

SunRice is one of the largest rice food companies in the world. With operations in Australia, the USA, the Middle East, the Solomon Islands and Papua New Guinea, we lead the way in developing diverse, innovative and nutritious rice food products.

Today, our brands can be found in close to 60 countries across the globe, and we contribute to thousands of other food products the world over through our successful foodservice and food ingredients divisions.

Together with our strong portfolio of subsidiary and complementary companies, including Riviana Foods, SunFoods, Trukai Industries, Aqaba Processing Company, Solrice, Australian Grain Storage (AGS), and animal feeds division CopRice, we employ more than 1000 people in Australia and a further 1100 people overseas.

SunRice's proud history dates back to the establishment of Ricegrowers' Co-operative Mills Limited in 1950. Despite challenging conditions, the company remains anchored in regional New South Wales, where we operate state-of-the-art processing facilities that mill and pack rice, rice flour, rice cakes and ready-to-eat rice meals.

Our people continue to drive SunRice's goal to become the world's favourite rice food company.

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

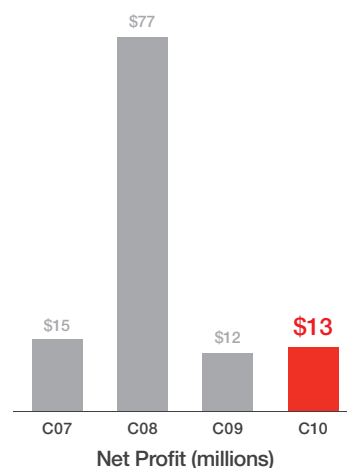
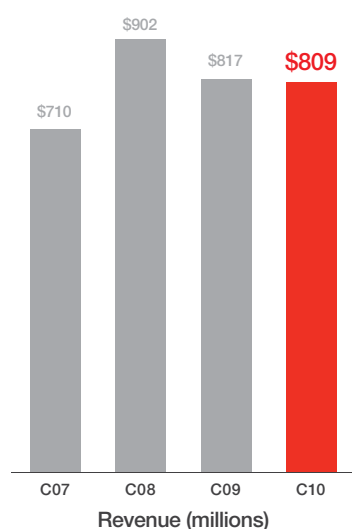


Business Highlights

02

In 2010/11 we continued to build on our value-add product ranges, which positively impacted category growth and our market share. In particular, the extension of our Microwave range to include convenient Quick Cups proved to be extremely successful, as did the launch of our new Indian range in the Ready-to-Go Meals category, and our new Sweet Rice Cakes – Gary Helou, CEO.

- **Net profit of \$13.1 million**
up 11.5% on last year
- **Revenue of \$809 million**
down only 1% on last year
- **A fully franked dividend of 18 cents per B Class Share**
- **Premium Pool paddy price of \$550 per tonne**
- **Number Two Pool paddy price of \$320 per tonne**
- **SunRice wins two Supplier of the Year awards**
- **Continued growth in the competitive Rice Foods businesses**
including Microwave Rice, Ready-to-Go Meals and Snacks
- **Outstanding financial performances**
by Riviana Foods, CopRice and other Rice Foods businesses



We believe strongly in the future of SunRice and as a Board will consider every opportunity to enhance the company's position and in turn, that of the shareholders and rice growing communities who rely upon it.

2010/11 was a year of contrasts for our proud company. Having successfully survived an almost decade-long drought, we saw a return to full production and the reopening of our mill in Deniliquin. At the same time, we felt acutely the pressures of volatile commodity prices, the strong Australian dollar and rising financing costs.

Despite the challenging set of circumstances, consolidated revenue for the year was \$809 million – a reduction of just 1% on the previous year. Profit after tax was \$13.1 million – an 11.5% increase on the \$11.7 million announced in 2010. As expected this result was delivered via the strong performance of our subsidiaries and rice foods businesses. In comparison, our rice milling and marketing division's results were down 25% on the year before.

We confirmed a medium grain paddy price for the 2010 crop of \$550 per tonne for the Premium Pool and \$320 per tonne for the Number Two Pool. The SunRice Board also delivered a fully franked dividend to shareholders of 18.0 cents per B Class Share – 4.5 cents per share lower than the dividend paid in 2010, reflecting our stated goal to reduce debt and improve gearing.



Ebro Foods offer

The offer by Spanish food company, Ebro Foods S.A., to purchase SunRice dominated much of 2010/11.

It was a taxing time for our shareholders, employees and the Board, who spent seven months painstakingly working through the proposal. It was a long process but one that was necessary to ensure shareholders could make an informed decision.

The Board unanimously recommended the Ebro proposal. We considered the offer to be fair and reasonable and in the best interests of shareholders – a view which was supported by the Independent Expert's Report. We had a duty to present the offer to shareholders for consideration and as the results of the vote indicated, that judgement was sound. Seventy six per cent of B Class Shareholders and 67% of A Class Shareholders voted in favour of the proposal, but with a requirement of 75% for both classes the proposal did not go through.

I believe the vote has focused shareholders on the future of our company and in particular, that they must play a role in strengthening SunRice's financial position. While it had the potential to be divisive, our industry has always been strong and united and I remain convinced it will continue to be both.

Before the Ebro offer was announced, the Board was already working to reduce SunRice's debt and associated gearing level. Our company's need for a strong capital base to fund its ongoing operations, protect and grow its markets and withstand the volatility of profit shocks, interest rate increases and credit market instability has not changed.

The Board has set a gearing target of 70%. Over the next 12 months, we will continue to look at options to achieve this.

As outlined in the Scheme Booklet, these may include reducing paddy prices and dividends, and raising external equity. We have already started this process, with the recent dividend reductions allowing us to retain \$2.8 million from profit generated in 2010/11.

We believe strongly in the future of SunRice and as a Board will consider every opportunity to enhance the company's position and in turn, that of the shareholders and rice growing communities who rely upon it.

The reopening of Deniliquin mill

2010/11 was also the year the drought officially ended and with improved water availability, growers produced an 800,000 tonne crop – our largest in five years. The resulting reopening of Deniliquin Mill was a milestone for both SunRice and the local community.

The mill was placed into care and maintenance mode in 2008 when the crop fell to just 19,000 tonnes. More than \$2.5 million was invested in upgrading and re-establishing both Mill One and Mill Two on the Deniliquin site and the internal rail link. As a result 130 new permanent employees were recruited, with harvest resulting in more than 350 new jobs in total across our regional operations.

Having the mill in operation again and employing local people is a wonderful outcome for our industry and for the people of Deniliquin. We hope it will bring continued economic benefits to the area.

Rice research and development

Research and development continues to underpin the success of SunRice and our Australian rice industry. In 2010/11, the release of the new variety Sherpa was the first step towards developing a medium grain variety with improved cold tolerance.

Sherpa has proved to be strong yielding, water efficient and cold tolerant, but its grain size is smaller than our premium medium grain variety, Reiziq. The next step is to combine its cold tolerance with the bolder grain dimensions of Reiziq, to produce a variety that suits market requirements and growers' needs.

As a company, we remain committed to research and development and in March 2011 signed a collaboration agreement with the NSW Department of Primary Industries and the Rural Industries Research and Development Corporation, to provide new funding for rice-related research.

Sincere appreciation

A sincere thank you to my fellow Board members and in particular my Deputy Chairman, Mark Robertson. Their dedication and commitment to their roles and the future of the company is exceptional.

Thanks go to our Chief Executive Officer, Gary Helou, our Corporate Management Team and our employees, who have delivered another strong result during uncertain times.

Thanks go to Les Gordon, President, and Ruth Wade, Executive Director of the Ricegrowers' Association of Australia Inc., for their leadership and remarkable efforts on behalf of the rice industry.

My sincere thanks also to NSW Minister for Primary Industries, the Hon. Katrina Hodgkinson MP; Federal Minister for Agriculture, Fisheries and Forestry, Senator, the Hon. Joe Ludwig; NSW Member for Murrumbidgee and Minister for Education, the Hon. Mr. Adrian Piccoli MP; NSW Member for Murray-Darling, Mr. John Williams MP; Federal Member for Farrar, the Hon. Sussan Ley MP; former MLC, the Hon. Tony Catanzariti; and Federal Member for Riverina, Mr. Michael McCormack MP.

Farewell to our CEO

SunRice Chief Executive Officer, Gary Helou, has announced he will be moving on in September 2011. I want to take this opportunity to express my appreciation of Gary's contribution to SunRice over the past 11 years.

Gary has led our company through both remarkable and trying periods, and continued to diversify and grow the business during the toughest of drought years. His focus on making SunRice the world's favourite rice food company through brands, innovation and supply sources has been unwavering and exceptional.

On behalf of the Board and our shareholders – thank you Gary. We sincerely wish you the very best for the future.

On a final note

At the time of writing, our rice receival depots housed an 800,000 tonne crop and our Deniliquin Mill was about to begin operating 24 hours, seven days a week. As a business we are poised to not only reclaim our market share, but secure new international markets too.

There are challenges ahead, but also opportunities. However as we enter 2011/12, there is one undeniable fact that continues to bring every one of us both hope and joy – the Australian rice industry is back.



Gerry Lawson AM
Chairman

SunRice performed strongly in the face of continued drought conditions, volatile commodity prices, intense competition and a record high Australian dollar. Our business's solid financial result was pleasing and demonstrates the resilience of our people and our brands.

SunRice performed strongly in the face of continued drought conditions, volatile commodity prices, intense competition and a record high Australian dollar. Our consolidated revenue was \$809 million, down only 1% on the previous year's \$817 million.

Profit after tax was \$13.1 million, up 11.5% on the \$11.7 million recorded in 2010. This result was driven by the strong performance of our subsidiaries and SunRice's growing rice food businesses. Together they helped offset the reduced performance of our rice milling and marketing division, which continued to be impacted by drought during the 2010/11 period.

Given the circumstances, our business's solid financial result was pleasing and demonstrates the resilience of our people and our brands.

SunRice paid its growers \$550 per paddy tonne for the Premium Pool – the same as last year – and \$320 per tonne for the Number Two Pool. We announced a fully franked dividend to shareholders of 18.0 cents per B Class Share – 4.5 cents per share lower than the dividend paid in 2010.

This dividend reduction will allow us to retain \$2.8 million from 2010/11 profits to help improve our gearing ratio in line with the Board's target of 70% in the short term.

Importantly, our 2010/11 results were underpinned by our focus on product and marketing innovation, as well as our ongoing cost management strategies. With the Australian rice industry's first 800,000 tonne crop harvested in five years, we are well positioned to reinvigorate our marketing front and grow share and value across all SunRice markets.

Marketing

In a dynamic business environment, our marketing initiatives for 2010/11 were driven by product and packaging innovation. In the domestic market, we continued to build on our value-add product ranges, which positively impacted category growth and our market share. In particular, the extension of our Microwave range to include convenient Quick Cups proved to be extremely successful, as did the launch of our new Indian range in the Ready-to-Go Meals category, and our new Sweet Rice Cakes.

In international markets, ongoing investment in packaging and on-shelf visibility helped maintain consistent sales and market share, despite intense competition. The long-awaited return of Australian rice will further boost our presence and drive growth in our share of international markets.

Our subsidiaries

Riviana Foods Pty Ltd achieved another strong performance – delivering impressive growth in revenue and profitability. The Always Fresh flagship brand maintained its market-leading position with a 42.9% share of the Pickled Vegetables category.



The strategic acquisition of the Rubens Fine Foods business facilitated the launch of a new range of Sandwich Fillers and Gourmet Pate, giving the company a foothold within the chilled section of supermarkets.

CopRice, our stockfeed and companion animal feed business, posted a very strong result in its various product divisions. With the drought breaking in Australia and an increase in milk prices, the optimism of our dairy customers contributed to an expanding market share in new geographical regions.

Our subsidiary company Trukai Industries also maintained its position as the brand leader in Papua New Guinea (PNG) – a standout result given the rising level of import competition. Significantly, Trukai became the first company in PNG to achieve American Institute of Bakers (AIB) food safety manufacturing accreditation.

SunFoods continued to fulfill its strategic role of supplying SunRice export markets during the final year of the Australian drought. Now in its second year in the SunRice group, the company continues to evolve its business infrastructure, practices and operational capabilities as it strives to become a bigger player in the US rice foods market.

Operating excellence

Deniliquin Mill, our largest and most sophisticated mill, was reinstated in readiness for a return to normal crop levels in March 2011. This significant event was one of the many operational milestones experienced across our global operations in 2010/11.

For our Operations group, strong results were achieved at our various manufacturing facilities and across our supply chain networks.

Our performance in these areas can be attributed to our ongoing commitment to continuous improvement programs, technological improvements, quality-control systems, cross-functional teamwork and the implementation of world-class safety measures.

Our people

Our people continue to display the creativity and energy needed to overcome today's volatile and competitive markets. Our team's collaborative and flexible traits were best illustrated in the manner our Deniliquin Mill was promptly and efficiently brought back to a commercial production state of readiness after three years in care and maintenance. This typifies the SunRice way.

Our employees were recognised and celebrated again this year for individual and team performances through the SunRice Employee Awards. Congratulations to Andrew Daubney, who was named SunRice Employee of the Year. Our General Manager Sales and Marketing at Trukai Industries, Andrew is the first employee from one of our subsidiary companies whose contribution has been recognised by this prestigious award.

The future

SunRice is an exciting rice foods business with a bright future. It carries a wonderful platform of brands, categories, geographies and of course the best rice people on the planet. With the end of the drought and the coming season of bountiful rice crops, SunRice is poised to focus on an important phase of consolidation and growth.

I sincerely thank my Chairman, Gerry Lawson, and the Board of Directors for their trust, support, vision and leadership. I also thank my Corporate Management Team and both our employees and shareholders for their tenacity and spirit. Together, we have weathered the drought and adversity, and built SunRice into a fine global business that we can all be proud of.

After 11 years as the Chief Executive Officer, I will be leaving the company on 14 September 2011, with a rich set of experiences in a mighty industry. It has been a pleasure to work with you all and I will remain a firm friend to the rice industry. I hope that our paths may cross again in the future.



Gary Helou
Chief Executive Officer



05

SunRice Around the World

This year's achievements were a tribute to our team, which again produced outstanding results in a dynamic business environment.

Australia and New Zealand

In 2010/11, SunRice's value-added products continued to gain momentum. We extended our successful Microwave range to include convenient Quick Cups and again drove innovation in the Ready-to-Go Meals category. Further, our new Sweet Flavoured Rice Cakes experienced incremental growth, which in turn, impacted positively on our market share in the Rice Cakes category. These achievements were a tribute to our team, which again produced outstanding results in a dynamic business environment.

Table Rice

Despite strong competition in both our retail and foodservice channels, SunRice's Table Rice market share increased throughout Australasia. By extending our retail team's footprint, we significantly improved our retail distribution.

We brought innovation to the category with the launch of three new Pour & Store containers – all designed to deliver better space efficiency and improved appearance.

Microwave Rice

Following the success of the Family-Pack format, our team developed and launched the new generation of microwavable cups, Quick Cups. The Plain range now features Long Grain, Jasmine, Brown and Basmati, while Flavoured varieties include Teriyaki, Fried Rice and Chicken.

The performance of these new products has been exceptional. Market share in this category has been very positive, and the new range has helped cement SunRice as the clear market leader. The new range of cups has just been introduced into Safeway in the United States and is expected to generate much interest from consumers.

Ready-to-Go Meals

Underpinning our performance in the Ready-to-Go Meals category was the introduction of our new Indian range. Our new varieties of Vegetable Curry and Beef, catapulted our Ready-to-Go Meals business in turnover and market share.



The SunRice Wall of Convenience ambient meals is now a permanent fixture in most supermarkets around Australia. The range delivers on taste, convenience and value.

Rice Cakes

Building on our long-term growth in Plain and Savoury Flavoured Rice Cakes, in 2010/11 we launched our first Sweet Flavoured Rice Cakes – Caramel, Honey, and Apple & Cinnamon. These products have added volume to our business by creating new opportunities to eat rice cakes.

Marketing

In 2010/11, we developed a partnership with the Seven Network's *The Morning Show* and *New Idea* magazine. This partnership provided us with an opportunity to leverage the reach of our brand ambassador, Stephanie Rice. The three-time Olympic gold medallist presented information and recipes from our SunRice portfolio, generating interest in products that would not normally receive mass media exposure.

In July 2010, SunRice also achieved a significant presence at Sydney's Good Food and Wine Show.

Our eye-catching display attracted much interest and provided the ideal environment for consumers to taste-test many of our new products.

In New Zealand, SunRice's sponsorship of the *MasterChef* series has helped drive our market share. The arrangement includes product placement and product features during the program, as well as television advertising.

Middle East

In the Middle East, we maintained consistent sales and share in both the Levant and Gulf regions. These markets are looking forward to the return of Australian rice. Our Aqaba processing facility was kept busy supplying the Jordanian market and maintaining a number of external storage contracts.

Pacific

Despite aggressive competition from China, Thailand and Vietnam, the Island Sun and Sunwhite brands remain well represented in all major Pacific countries. Our consumer promotional activities have contributed to our brands continuing to enjoy leadership in the region. The long-awaited return of Australian rice will enhance our presence in these markets and invigorate our agents and distributors in 2011.

Asia

Due to a more favourable exchange rate, the Double Ram and Kangaroo brands have also experienced growth. In the highly competitive markets of Singapore and Hong Kong, increased promotional activity and the prospect of Australian rice has improved our business's shelf space and volume.



06

Our Operations

Deniliquin Mill, our largest and most sophisticated mill, was reinstated in readiness for a return to normal crop levels – and was cause for much celebration in our business, and in the Riverina region.

In 2010/11, SunRice delivered outstanding results across our manufacturing facilities and supply chain networks. Our pursuit of operations excellence was accelerated by our commitment to ongoing continuous improvement programs, including Lean Manufacturing and Six Sigma.

By developing a comprehensive continuous improvement strategy that straddles all of our operations projects, we will sustain a positive momentum for improvement projects well into the future.

Our manufacturing facilities

In Australia, a renewed sense of energy driven by the future return to normal crop levels, provided a sound foundation in meeting higher milling targets at our Leeton site. In addition to servicing its traditional markets in small packs, the Leeton Mill also heralded the return of global export tenders by successfully milling, packing and delivering quality Australian rice to Japan and Taiwan.

Deniliquin Mill reopens

Deniliquin Mill, our largest and most sophisticated mill, was reinstated in readiness for a return to normal crop levels. After being placed into a care and maintenance program in early 2008 following six years of drought, the reopening of the mill was cause for much celebration in our business, and in the Riverina region.

The successful reopening of the Deniliquin Mill involved upgrades of existing milling equipment and infrastructure, as well as the recruitment and training of new skilled operators. The mill is now well-placed to deliver quality Australian rice to both domestic and world markets.

Safety

We continued to implement world-class safety systems across our global manufacturing sites in 2010/11. Our use of preventative and predictive safety indicators have resulted in a substantial drop in the lost-time injury frequency rate (LTIFR).

The next stage of our safety program development in Australia is directed at gaining AS4801 certification at our Leeton, Deniliquin and CopRice sites.



Left: The Deniliquin Mill site was reopened in March 2011. Above: Deniliquin Quality Co-ordinator, Paul Scoullar. Right: Deniliquin Shift Team Leader, Damon Free.

Globally, our Aqaba operation was awarded a Certificate of Appreciation for Packing Facilities, granted by the Jordanian Social Security Corporation (SSC) in Amman as part of the 2010 Excellence Award for Occupational Safety and Health (EAOSH).

Quality

The SunRice Quality System was implemented at Deniliquin to coincide with its reopening. The plant successfully achieved Hazard Analysis and Critical Control Point (HACCP) standards and Australian Quarantine and Inspection Service (AQIS) recertification.

Overall, increased vigilance and ownership of quality on the factory floor has resulted in higher consumer satisfaction and positive feedback from export customers.

By augmenting SunRice quality systems and vendor quality assurance programs, we continue to ensure our suppliers comply with our SunRice quality expectations.

Supply Chain

Our Supply Chain team has continued to deliver a superior service to our customers while optimising our overall distribution costs.

The last four months of 2010/11 involved significant work to reconfigure our supply chain to support the return to a normal crop, as well as the reopening of the Deniliquin Mill. Key initiatives included securing a dedicated daily rail service, on-port storage stevedoring, and inter-port freight movements.

As part of SunRice's drive to boost value-added product sales and our footprint into the New Zealand market, third-party distribution operations were established in Auckland and Christchurch, and will be operational at the start of 2011/12.

Our Sales and Operations planning functions have also experienced a number of improvements, which are all designed to better leverage our computerised planning systems and provide further visibility of our supply and demand profiles in order to further improve our customer service.



07

Our Growers

The significant crop size, our largest in five years, resulted in a renewed sense of optimism amongst our grower communities.

During the 2009/10 summer, the El Nino weather event that caused the prolonged drought began to wane. By autumn, the Bureau of Meteorology was forecasting a return to more normal rainfall and our growers were becoming cautiously optimistic that there was a good chance of a reasonably normal 2010/11 rice crop.

By late winter, a La Nina weather pattern was developing quickly with the potential to deliver above-average rainfall in spring and summer. Winter crop plantings were in the best shape for many years and while general security water allocation was slow to build due to the need for catchments to “wet up”, our growers remained optimistic and commenced land preparation for rice. Many growers had not been able to plant a rice crop since 2005/06 and there was a buzz of excitement across the Riverina.

Growers welcome opportunity to plant a normal rice crop

Catchments were well primed by September 2010 and inflows to storage dams were improving with every rain event. At mid-September – a critical planning date for rice growers – general security water availability reached 45% in the Murrumbidgee Valley and 36% in the Murray Valley. In addition, most of our growers had an additional 20% carried over from the previous season, plus some allocation enhancement provided by water companies. So for the first time in many years, we were able to forecast that a reasonably normal rice crop would be planted.

With many growers planning to plant their first rice crop in five years, Rice Pre-Season Meetings became an important opportunity to brush-up on best practice technology. A series of seven well-attended meetings were conducted by the NSW Department of Primary Industries and SunRice across the rice-growing region. An important topic at these meetings was the opportunity for limited production of the soon-to-be-released rice variety, YRM 69.



Left: MIA rice growers, Craig and Scott Kefford.

Sherpa (YRM 69) commences commercial production

YRM 69 was released and named Sherpa at the Annual Rice Field Day held in March 2011 at Yanco Agricultural Institute, by SunRice Chairman Gerry Lawson. In releasing Sherpa, Mr Lawson praised its cold tolerance but pointed out it would need to be replaced as soon as possible by a variety with Sherpa's cold tolerance and Reiziq's grain size.

The commencement of a collaborative rice breeding and grain quality program involving SunRice, the NSW Department of Primary Industries and the Rural Industries Research and Development Corporation was also announced at the Rice Field Day. This innovative partnership between the private and public sectors will provide more secure funding for the important rice breeding and grain quality program. For SunRice, it will mean more rapid development of market-preferred rice varieties and a streamlined commercialisation pathway.

An average growing season but above-average yields achieved

After ideal growing conditions in 2009/10 that delivered record yields, the 2010/11 season unfolded with cooler, wetter conditions and a severe locust plague that presented challenges to achieve good crop establishment and weed control. Cloud cover associated with the very welcome drought-breaking rainfall over spring and summer reduced solar radiation. By harvest time, the season was regarded as very average.

The well above-average rainfall and record inflows to storage dams produced flood events in December and January along the Murray and Murrumbidgee rivers and many of their tributaries. While rice crops were not damaged, many communities suffered as a result. The upside was a welcome flush of the rivers and associated filling of wetlands, as well as a substantial forest watering.

In the run-up to harvest a widespread and severe mouse plague developed, resulting in damage to many rice crops. Despite these challenges, our growers managed to produce crops with good yield potential and many were surprised with the actual yields achieved.

At close of the 2010/11 crop pool, 799,941 tonnes were received at an overall average yield of 9.6 tonnes/hectare. The significant crop size – our largest in five years – resulted in the reopening of Deniliquin Mill and a renewed sense of optimism amongst our grower communities.

Excellent outlook for 2011/12

Water availability increased to 100% of entitlement in both the Murray and Murrumbidgee valleys on 15 December 2010 – the first time a full allocation had been available since 2001. With the planting window for rice and other summer crops closed, a significant amount of water is available for carry-over to the 2011/12 season. With water storage dams likely to end the 2010/11 season at near capacity, water carry-over plus allocation should mean 100% allocation is available relatively early in the 2011/12 season.



08

Our Subsidiaries – Riviana

Riviana Foods achieved another record year in 2010/11, delivering impressive growth in revenue and profitability.

Despite unprecedented competition and rising operational costs, Riviana Foods achieved another record year in 2010/11, delivering impressive growth in revenue and profitability. A combination of streamlined production costs, operating excellence and aggressive growth strategies across our retail and foodservice divisions have underpinned this strong financial performance.

Retail expansion and development

Our Always Fresh brand continued to expand its contemporary entertaining food portfolio, maintaining its market-leading position with a 42.9% share of the Pickled Vegetables category. The brand underwent a logo, packaging and website redesign. The aim of the project was to reinforce our market strength while ensuring we remain a step ahead of other branded and private label competition.

Validated through consumer research, the new packaging design delivers strong on-shelf differentiation and unifies the brand's diverse product offering across all 10 grocery categories.

In 2010/11, Riviana Foods' strategic acquisition of the Rubens Fine Foods business also facilitated the launch of a new range of Sandwich Fillers and Gourmet Pate, giving the company a foothold within the chilled section of supermarkets at a time when entering into new categories is becoming increasingly challenging. New product development across other markets further strengthened our brand's credentials, including the launch of the Always Fresh Deli Style range of antipasto, flatbreads and wafer crispbread.

Foodservice growth

Our Foodservice business remained an important profit generator and continued to grow share through new product development and effective promotional initiatives. The Riviana brand also undertook a label and website refresh, providing a strong platform for growth moving forward. We launched several new products, such as legumes, and extended our Canned Fruit range.

This, combined with new tenders and contracts with key distributors, franchises and Quick Service Restaurants, further enhanced the presence of Riviana Foods within the catering industry.

Our operations and people

Our Supply Chain team had a successful year in dealing with the increasingly complex task of procuring, transporting and warehousing products across multiple channels. The installation of new manufacturing equipment to reduce waste and costs has been instrumental in improving operations and our business's bottom line.

Riviana Foods employees continue to rise to the challenges of an increasingly competitive and volatile market by displaying creativity and enterprise. We acknowledge all employees contribute to the success of the business and we continue to build and foster a culture that encourages collaboration, leadership and innovation.

Our brands, our people and our relationships with customers and suppliers both here and globally continue to highlight our commitment to improving shareholder returns for the 2011/12 financial year, and beyond.



Right: Trukai Electrician, Marlynn Aundambui.



Our Subsidiaries – Trukai Industries

09

Our focus on strengthening Trukai operations has resulted in our quality standards reaching a new level in 2010/11.

Significantly, we became the first company in Papua New Guinea to achieve American Institute of Bakers (AIB) food safety manufacturing accreditation.

With the drought breaking in Australia, Trukai Industries will be able to resume supplying Australian rice into our products. Already the brand leader in Papua New Guinea (PNG), this will give us an even stronger, quality rice product to maintain our competitive edge.

Marketing initiatives and community support

In 2010/11, Trukai diversified its marketing strategies to broaden our brand's reach in PNG. We implemented a number of initiatives designed to resonate with our consumers, including a North Queensland Cowboys Collector Tazo insert program and a Dream Trip promotion, drawing on our association with the North Queensland Cowboys National Rugby League team. However, the most successful initiative was a mobile text promotion leveraging the network of the country's largest mobile phone service provider, Digicel.

We continued our commitment to supporting the PNG community through sport, most notably, the Trukai Olympic Day Fun Run. This year, we launched a Facebook group dedicated to the Fun Run. The national event is held annually and attracts over 60,000 participants on the day.

We further demonstrated our engagement with the local community through our support of many other programs, including the Cheshire Homes disability centre, City Mission youth rehabilitation centre and settlement feeding programs.

Strengthening our operations

Our focus on strengthening Trukai operations resulted in our quality standards reaching a new level in 2010/11. Significantly, we became the first company in PNG to achieve American Institute of Bakers (AIB) food safety manufacturing accreditation.

Operationally, we continue to drive a safety-based culture, which is highlighted by positive employee behaviour and our ongoing commitment to workplace safety.

Trukai people

We are continuing to invest in our people. In June 2011, we will launch a formal Reward and Recognition program. It is part of our overall objective to reconnect with our PNG employees, as well as our consumers. To highlight this commitment, we painted a colourful mural on our front fence, which features PNG and Trukai imagery.



10

Our Subsidiaries – SunFoods

SunFoods continued to fulfill its strategic role to supply SunRice export markets during the Australian drought period. It also continues to evolve its business infrastructure, practices and operational capabilities as it strives to become a bigger player in the US rice foods market.

Sales and marketing initiatives

In 2010/11, our Sales and Marketing team progressively increased distribution of the HINODE brand and product range in the US mainland market.

Despite the dynamic environment, our retail distribution expanded from four US states in 2009/10 to 14 states in 2010/11. By securing our range in independent supermarkets from California on the US West Coast to Texas in the south east, we achieved a 279% increase in the number of stores stocking HINODE.

In other initiatives, the core HINODE markets of Hawaii and Sacramento were further supported through television campaigns utilising the commercials developed last year, and sponsorship of Hawaii's favourite cooking program *Sam Choy's Kitchen*.

Operational excellence

Our Operations team demonstrated manufacturing flexibility and capability, successfully participating in the US export tender business to Japan.

The team also provided toll milling and packing services for other industry participants, while maintaining SunRice and HINODE small pack production, and managing the supply chain complexities for the growing number of imported products.

A loyal grower supply pool was established, which facilitated a consistent supply of paddy when needed for peaks in production.

Employee safety and training programs also continued to be a significant focus.

Information systems

In 2010/11, our team implemented the SAP operating system. The project was supported by a small team from the SunRice Information Services (IS) Group both on the ground in California and remotely from Australia.

The system rollout required extensive re-engineering of our business processes, and employee training, as well as hardware and software modifications to meet our unique requirements.

The SAP system has delivered improved production control, streamlined reporting and an advanced business management tool that is now consistent with the SunRice operating system.



Above: CopRice Nutrition Advisor, Sarah Friday.

CopRice

11

In 2010/11, CopRice's sales had a solid rebound, buoyed by improved conditions in the dairy sector and an expanding market share in new geographical regions.

Despite dampening demand for bulk feed, the exceptional season has brought great optimism back to our farming communities. In particular, milk price increases have given our dairy customers the opportunity to recover from a difficult period. For CopRice, the impact has resulted in a very strong year.

Sales performance

In 2010/11, CopRice's sales had a solid rebound, buoyed by improved conditions in the dairy sector and expanding market share in new geographical regions. Factors that contributed to our sales performance included improved dairy conditions as milk prices recovered, increased water levels in northern Victoria, and the return of a more positive outlook across the industry.

This shift translated into demand for our higher quality products and nutritional services as dairy producers adjusted their focus to increasing yields and improved cow health.

A new sales strategy and improved product diversification means we will continue to provide solutions for our customers now, and in the future.

Driven by our branded dog food range, CopRice's Specialty Bagged business experienced significant growth in an extremely saturated market. With an emphasis on new product development, our core range and product mix was extended across the category.

We also delivered good sales growth out of key national trading partners in both our Pet trade and Agribusiness retail channels. The Equine category was strengthened with the relaunch of several key products. Our Equine brands were also actively promoted at major events including EQUITANA in Australia and the Horse of Year national show in New Zealand. In our grocery business, we generated good sales results in both our Cat Litter and Dog Food categories.

Innovation and operating excellence

We are an industry leader in the manufacture of stockfeed. In 2010/11, our state-of-the-art manufacturing and packing facilities allowed us to pursue new and innovative products in pelleted and extruded feed across our ever expanding range of grocery, agricultural, retail and export markets.

CopRice continues to raise the benchmark in the standard of our manufacturing facilities. All of our plants were again accredited for AS/NZS ISO 9001:2008 and Codex Hazard Analysis Critical Control Point (HACCP). Good Manufacturing Practices were rated against American Institute of Bakers (AIB) food safety standards with the hygiene in our stockfeed plants recognised at food-grade standard.

Our employees continue to excel in the areas of quality, service and safety.

Grower and shareholder support

Given primary producers are our customer base, our suppliers and our shareholders, we look to support each other wherever possible. For example, in 2010/11 we were able to draw on Australian Grain Storage's (AGS) stock of winter cereals to supply our business with raw material.

CopRice people

Our people have shown great dedication, resilience and commitment after enduring last year's major restructure and strong competition. Despite these circumstances, our team has performed to the highest standards in all aspects of the business, which is a credit to everyone.



12

Our Community and Environment

In 2010/11, SunRice proudly gave back to our local and international communities by supporting a range of activities and worthwhile causes.

In 2010/11, SunRice proudly gave back to our local and international communities by supporting a range of activities and worthwhile causes. The larger rice harvest, coupled with the reopening of the Deniliquin Mill in March 2011, provided more than 350 job opportunities. These achievements contributed to reinvigorating regional communities, particularly Deniliquin, which has been devastated through drought.

Through our partnership with UNICEF, we helped fund the Pacific Vaccination Program which delivered vaccines to the Solomon Islands and solar-powered fridges to the region, ensuring the vaccines could be kept cold in the tropical conditions. We continued our commitment to Foodbank Australia, with our donated rice products distributed to non-profit welfare agencies across Australia, feeding many families in need and those affected by the floods in Queensland.

Our subsidiaries, Trukai and Solrice, and animal feeds division, CopRice, also supported their communities by donating rice products and providing financial support to important local events and causes.

Deniliquin Mill reopens

Deniliquin Mill reopened in March 2011, generating a sense of renewed optimism about the future across our Murray Valley rice growing communities and surrounding areas. By re-commissioning the mill, SunRice has been able to provide 130 permanent jobs giving both local residents and people from outside the region an opportunity for career advancement in our business.

The commercial revival of Deniliquin associated with the reopened mill has led to a boost in tourism – a welcome bonus given the impact of drought in recent years.



Above: Deniliquin Ute Muster. Right: © UNICEF/NYHQ2006-2468/Pirozzi.

Regional activities

Given our strong regional roots, we again provided monetary and product donations to a large number of schools and sporting organisations across Australia and New Zealand, as well as other community groups throughout the Riverina, in particular.

These events included the Deniliquin Ute Muster, where we sponsor the SunRice Family Centre, the annual Leeton SunRice Pro-Am Golf Tournament, the MIA Open Tennis Tournament in Griffith and the 2011 Bidgee Classic fishing competition.

SunRice also sponsored the 80th Annual Ricegrowers' Association of Australia Inc. (RGA) Conference held at Leeton's Roxy Theatre, and continues to provide ongoing support to the RGA across its many programs and activities.

Today, the RGA represents over 1500 voluntary members, and is the collective voice of rice growers in Australia. It has been instrumental in leading the industry through a process of improved environmental management, with Australian growers now recognised as the most efficient and productive in the world.

The RGA's Environmental Champions Program (ECP) has also been successful in setting measures for environmental performance and acknowledging growers for their green stewardship.

Environmental stewardship

Our commitment to environmental protection and sustainability across our global sites and communities is strategic and ongoing. In 2010/11, we achieved an improved report rating as part of our participation in the Australian Packaging Covenant (APC), which reflects our proactive management of packaging design and on-site activities designed to reduce packaging waste sent to landfill.

Further demonstrating our environmental stewardship, SunRice has submitted a new five-year Action Plan for the next phase of the APC, which will be published on our website.

The SunRice Environment Management Program focuses on water, energy and waste management. An improved recording and reporting tool has also been specifically developed to monitor energy and waste management costs and impacts across our Australian sites.



13

Our People and Culture

The drought breaking in Australia and subsequent increase in Riverina rice volumes, brought new demands, complexities and a level of intensity to the work of our people that has been unmatched in recent years.

The drought breaking in Australia and subsequent increase in Riverina rice volumes, brought new demands, complexities and a level of intensity to the work of our people that has been unmatched in recent years. To keep pace with this rapidly changing environment, we have delivered effective retention strategies, and developed a flexible, multi-skilled workforce, which is the cornerstone of our success.

Our people exceeding expectations

After many years of drought, the return to full production in 2010/11 saw a different set of challenges for our people across SunRice, CopRice and Australian Grain Storage (AGS).

The increased Riverina rice volumes posed a significant challenge for our single manufacturing facility at Leeton, which operated at full capacity last year. Despite demanding timeframes and high customer expectations, our people delivered 2010/11 volumes in full.

The strong crop also resulted in the reopening of our Deniliquin Rice Mill and the recruitment of 350 new employees to our regional operations in Australia.

Our People and Culture team worked successfully with operational personnel to schedule and organise the induction, food industry foundation training, licenses and accreditation required to manage the harvest receival process, and commence manufacture and global distribution from Deniliquin.

Workplace culture

In 2010/11, we negotiated the new SunRice, CopRice and AGS Employees Agreement with our manufacturing employees, replacing the 20-year-old SunRice Workplace Improvement Agreement. This agreement sets in place a strong, flexible and ongoing employment relationship with our people.

The return to full production also allowed us to recruit nine apprentices this year, including from within our existing workforce. Two employees have brought their experience in production roles to the task of maintaining the efficiency and reliability of our diverse plant and equipment.



Left: AGS Manager, Matt Bailey. Above: CEO Gary Helou congratulates SunRice Employee of the Year, Andrew Daubney. Right: Jaclyn Dedini and Vicki Poulson, SunRice Analytical Lab.

SunRice Employee Awards

In 2010/11, the SunRice Employee Awards again recognised the energy and commitment of employees who stepped up to share in the challenges presented by our business and industry.

Business Improvement and Innovation Award

Awarded to Nyree Dunn, SAP Business Support, Leeton. Nyree's efforts spanned two continents and involved the implementation of SAP in our US business. Upon her return from Sacramento, Nyree worked nights so she could support SunFoods employees on US time.

Individual Service and Down to Business Award

Awarded to Paul Dinkha, National Account Manager – Independent Grocery, Sydney. Besides securing SunRice the titles of Foodland Supplier of the Year, and Food Category Supplier of the Year in the SPAR Awards, Paul drove our Microwave Rice and Ready-to-Go Meal shares to new heights.

Team Award

Awarded to the AGS Seed Grading Team, comprising Graham Smith and Julian Bassett. The pair, who demonstrated their ability to adapt to continual change with minimal support, worked extended hours, seven days a week, to grade and issue this year's full crop.

Six Sigma Award

The Rice Cakes Continuous Improvement Team applied our best practice tools to achieve a 20% improvement in plant performance, an 80% reduction in waste, as well as improved consumer satisfaction. The team comprises Robert Knight; Joy Waters; Robert Lord; Phil Meline; Joe Violi; Derek Liu; Sue Nauman; Luke Burns; Simon Spiers; James Gawne; Pat O'Callaghan; Ian Thompson; Court Sayer-Roberts; Tim Allen; and Kerry Brown.

SunRice Employee of the Year Award

This award – the most prestigious on the SunRice calendar – highlights the dedication, drive and entrepreneurial spirit that we value across our business.

The 2010/11 SunRice Employee of the Year was Andrew Daubney, our General Manager Sales and Marketing at Trukai Industries. Despite a volatile market in Papua New Guinea, Andrew led Trukai to regain its category leadership in one of our business's most important markets. Under Andrew's guidance, sales in this region will remain strong and resilient.

Congratulations to Andrew on this outstanding achievement.

Board of Directors



Gerry Lawson

AM LDA MAICD

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committees: Member, Remuneration. Chairman, Riviana Foods Pty Ltd. 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: 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; SunRice Trading Pty Ltd; SunFoods LLC (USA). Deputy Chairman, Murray Irrigation Ltd. Member, Rice Industry Co-ordination Committee.



Russell Higgins

AO BEc FAICD

Director since 2005. Directors' Committees: Member, Finance and Audit. Director, Telstra Corporation Limited; APA Group (formerly Australian Pipeline Trust); St James Ethics Centre Foundation. Chairman, Global Carbon Capture and Storage Institute; Chairman, CSIRO Energy Transformed Flagship Advisory Committee. Former Chairman, Snowy Mountains Hydro-Electric Scheme. Member, Prime Ministerial Task Group on Emissions Trading in 2006-2007.



Gillian Kirkup

MAICD

Yanco rice grower. Director since 2005. Directors' Committees: Chairperson, Grower Services. Director, Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Member, RIRDC Rice Research and Development Committee. Chairperson, Murrumbidgee Irrigation Limited. Vice Chairman, NSW Irrigators' Council. Director, Basin Community Association.



Laurie Arthur

BAGSc GAICD

Moulamein, Barham and Kununurra rice grower. Director since 2007. Directors' Committees: Member, Finance and Audit, Grower Services. Commissioner of the National Water Commission. Former President, Ricegrowers' Association of Australia Inc.



Noel Graham

FAICD

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



Gary Helou

BE (Hons) MComm FAICD FAIM

Director since 2003. Director, Riviana Foods Pty Ltd; Trukai Industries Limited (PNG); Aqaba Processing Company (Jordan); Sunshine Rice Inc. (USA); SunFoods LLC (USA); USA Rice Millers' Association; Tassal Group Limited. Member, Advisory Council of the Asia Society's AustralAsia Centre.



Grant F Latta

AM MBA BBus FAICD FAIM FAMI CPA

Director since 1999. Directors' Committees: Chairman, Remuneration, Finance and Audit and Due Diligence. Executive Chairman, GCM Corp Pty Ltd. Chairman, Australian Capital Strategies Pty Ltd. Director, Coleambally Irrigation Co-operative Limited; McWilliam's Wine Group Ltd; Sealy Australia. Member, Australian Competition Tribunal (Federal Court).



Norm McAllister

DipAppSc (Ag) FAICD

Berriquin rice grower. Director since 1997. Directors' Committees: Member, Grower Services. Chairman, Rice Research Australia Pty Ltd. Deputy Chairman, Rural Industries Research and Development Corporation. Director, Riviana Foods Pty Ltd; 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' Committees: 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.(RGA). Secretary, RGA (Deniliquin Branch). Delegate to Irrigation Research Extension Committee. Chairman, Rice Industry Co-ordination Committee.

Corporate Management Team



Gary Helou

BE (Hons) MComm FAICD FAIM
Chief Executive Officer

Joined SunRice in 1998 as General Manager, Marketing, and was appointed CEO in October 1999. Gary has 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 (Jordan); Australian Grain Storage Pty Limited; Sunshine Rice Inc. (USA); SunFoods LLC (USA); Tassal Group Limited. Member, Advisory Council of the Asia Society's AustralAsia Centre.



Brad Hingle

Chief Financial Officer

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



Mike Hedditch

BSc (Ag) Dip Ed ACI
General Manager, Grower Services

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



David Keldie

BA
General Manager, Consumer Markets

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



Milton Bazley

BAppSc BBus DipExMan
General Manager, Global Procurement

Joined SunRice in 1994 as Regional Export Manager and became General Manager, Global Procurement in 2002. Milton is 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. He has 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, Solomons Rice Company Limited.



Sharyn Brown

MComm GradDip (Adult Education)
DipTeach (Technical)
General Manager, People and Culture

Joined SunRice in 2006 as People and Culture Manager in Leeton, before being appointed to the Sydney-based position in 2008, and General Manager, People and Culture in 2010. Sharyn's FMCG food industry experience spans employee relations, industrial relations and organisation development. She has previously worked for Coca-Cola Amatil, Goodman Fielder and Visy.



Mandy Del Gigante

BComm CPA
Company Secretary

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



Gerard Woods

BAppSc MBA
General Manager, CopRice and AGS

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



Patrick Youil

BE
General Manager, Operations

Joined SunRice in 2010 as General Manager, Operations. Patrick is responsible for driving best practice in manufacturing, supply chain, quality and safety. He has over 25 years' experience across food and FMCG industries in Australia and Asia, and previously held senior management roles at Kraft Foods International.

Role of the Board

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

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

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

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".

Board Operations

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

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

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

Director Performance Evaluation

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 including compliance with applicable statutes and regulations.

Finance and Audit Committee

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

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

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

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

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

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

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

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 growers.

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

The names, 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. It ensures information is reliable and has integrity, operations are efficient and effective, and policies and regulations are adhered to. The internal auditor has direct access to the Finance and Audit Committee and to the Board.

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

Ethical Standards

All Directors, senior management and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company. The Board has approved 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 material aspects of the company's operations, the information is provided to shareholders and posted on the company's website, and disclosed to the NSX. All recent company announcements, media releases, details of company meetings and annual reports are also available on the company's website.

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

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 (AGM) and are available to answer questions.

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

This page has been intentionally left blank

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 21 June 2011.

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 2011.

1 Directors

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

GF Lawson AM
DM Robertson
LJ Arthur
NG Graham
G Helou (executive)
RA Higgins AO
GL Kirkup
GF Latta AM
N McAllister
AD Walsh

2 Company Secretary

Mandy Del Gigante

3 Principal activities

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

4 Consolidated entity result

The net profit of the consolidated entity for the period after income tax and after non-controlling interests was \$12,691,000 (2010: \$12,171,000).

5 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.

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 31 May 2011 shareholders voted on the Ebro proposal, which was not approved.

On 15 June 2011 the CEO, Gary Helou, tendered his resignation. The Board has agreed to a three months notice period and he will be leaving on 14 September 2011.

On 21 June 2011 the Directors declared a fully franked final dividend of 18.0 cents per share.

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

Directors' Report continued

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.

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 maintained below specified limits and solid wastes to be removed to an appropriate disposal facility. To the best of the Directors' knowledge there have been no breaches of these licences.

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

The National Packaging Covenant report for 2009-2010 has been submitted and the new action plan for the next five years has been received, assessed and accepted by the Australian Packaging Covenant.

Actions towards the reduction of packaging waste sent to landfill continue to be implemented and maintained. Trade waste water continues to be addressed with the ongoing maintenance of the water treatment plant at Specialty Rice Foods Group. This facility is functioning well and the outgoing water quality is being monitored on a regular basis by Ricegrowers Limited as well as Leeton Shire Council personnel.

Greenhouse gas and energy data reporting requirements

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

Ricegrowers Limited has assessed its energy usage. The assessment has determined that Ricegrowers Limited did not exceed the energy consumption thresholds set by the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* for the current reporting period and consequently are not subject to the reporting requirements of both acts.

10 Paddy supply

The paddy supply for 2011/2012 from Australian ricegrowers is expected to be in excess of 800k tonnes. Prior year supply in 2010/2011 and 2009/2010 was adversely impacted by drought conditions with receipts of 205k tonnes and 66k tonnes respectively. Favourable water availability should result in a more normal paddy supply over the next few years.

11 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2011.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,734,567
2	Burrabogie Pastoral Co Pty Ltd	2,261,004
3	Dellapool Nominees Pty Ltd	904,809
4	Germanico Super Pty Ltd	810,625
5	Industry Designs Pty Ltd	467,290
6	Mr Alan David Walsh	467,254
7	Taurian Pty Ltd	402,529
8	GF & SB Lawson Pty Ltd	330,139
9	RM & AM Brain	311,970
10	FS Falkiner & Sons Pty Ltd	300,170

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

12 Directors' and company secretary qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

Director	Directors' interests in A and B Class shares of Ricegrowers Limited	
	30 April 2011	30 April 2010
GF Lawson AM	330,140	330,140
DM Robertson	224,540	224,540
LJ Arthur	234,819	234,819
NG Graham	100,898	100,898
G Helou	54,000	54,000
RA Higgins AO	29,838	29,838
GL Kirkup	67,425	67,425
GF Latta AM	29,838	29,838
N McAllister	319,086	319,086
AD Walsh	473,323	473,323

14 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson AM	21	21	2	—	3	—	4	4
DM Robertson	21	21	3	4	—	—	4	4
LJ Arthur	21	21	4	4	5	5	—	—
NG Graham	20	21	4	4	—	—	—	—
G Helou	21	21	4	4	5	—	2	—
RA Higgins AO	21	21	4	4	—	—	—	—
GL Kirkup	21	21	—	—	5	5	—	—
GF Latta AM	21	21	4	4	—	—	4	4
N McAllister	21	21	—	—	5	5	—	—
AD Walsh	21	21	—	—	5	5	—	—

In certain circumstances, Directors may be invited to attend and contribute to meetings of committees of which they are not members. In addition to the above there were 12 due diligence meetings held in respect of the Ebro proposal.

Directors' Report continued

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.

17 Remuneration report (audited)

This report outlines Ricegrowers Limited's remuneration policy for Directors and other Key Management Personnel (KMP) in accordance with requirements of the *Corporations Act 2001* and Corporations Regulations.

(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

Non-executive directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit, which is periodically recommended to shareholders for approval. The maximum currently stands at \$750,000 as approved at the 2010 Annual General Meeting. This includes any superannuation contributions made for the benefit of the Directors' under the *Superannuation Guarantee (Administration) Act 1992 (Cth)*.

The following fees have applied from 1 May 2010

Base Fees	\$
Chair	135,000
Deputy Chair	70,000
Other non-executive directors	60,000
Additional Fees	
F&A Committee – Chair	12,000
F&A Committee – Member	6,000
Remuneration Committee – Chair	6,000
Remuneration Committee – Member	3,000
Grower Services Committee – Chair	6,000
Grower Services Committee – Member	3,000

17 Remuneration report (audited) (continued)

(ii) Non-executive directors (continued)

In addition to the above fees:

Directors attending to the business of the Company under direction of the Board of Directors shall receive travelling and out of pocket expenses.

Non Executive Directors of Ricegrowers Limited who are directors of Trukai Industries Limited also receive \$1,880 (Kina 5,000) in annual director fees.

Ricegrowers Limited contributes the statutory 9% superannuation to an accumulation fund on behalf of all Directors.

(iii) Retirement allowances for directors

At the 2010 Annual General Meeting, shareholders approved the termination of the retirement allowance scheme. Directors' accrued entitlements at 30 April 2010 were frozen and will be paid when they retire.

(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 2011 for management. Final values have been determined by the Remuneration Committee and the Board.

M.Bazley, 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. Performance is based on a scorecard of 'financial', 'customer', 'governance', 'quality', 'safety' and 'operational' metrics.

Directors' Report continued

18 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 2011.

(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
M. Bazley	General Manager, Global Procurement	Ricegrowers Limited
B. Hingle	Chief Financial Officer	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 2010.

(c) Key Management Personnel Compensation (including Directors)

(i) Remuneration for Non-Director Key Management Personnel and other executives of Ricegrowers Limited and the Group

	Short term benefits			Post employment benefits		Other long term benefits*	Share based payments	Total
Name	Cash Salary and fees \$	Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Retirement benefits \$	Bonus \$	Equity Options / others \$	\$
Key Management Personnel								
<i>M Bazley</i> ^#								
2011	330,319	20,000	–	25,000	–	73,660	–	448,979
2010	318,370	40,000	–	26,600	–	33,000	–	417,970
<i>B Hingle</i> ^#								
2011	316,533	20,000	27,937	21,180	–	131,706	–	517,356
2010	305,883	50,000	27,937	21,180	–	43,000	–	448,000
<i>D Keldie</i> ^#								
2011	336,721	20,000	1,970	17,900	–	105,011	–	481,602
2010	316,900	40,000	2,243	27,062	–	33,000	–	419,205
<i>J Lloyd</i> ^								
2011	414,353	201,908	49,437	40,980	–	42,064	–	748,742
2010	386,857	30,000	64,950	38,261	–	40,839	–	560,907
Other executives								
<i>G Woods</i> # (Commenced 16.11.09)								
2011	229,138	15,000	83,873	22,662	–	–	–	350,673
2010	97,021	–	28,468	9,359	–	–	–	134,848

* Other long term benefit for M.Bazley, B.Hingle and D.Keldie reflect a provision for the period 1 May 2008 to 30 April 2011 and is based on the achievement of predetermined performance targets set by the Board. The April 2011 values represent the final amount to be accrued under the long term incentive plan which operated to 30 April 2011. This plan was contingent on the achievement of predetermined performance targets set by the Board. Performance was based on a scorecard of 'financial', 'customer', 'governance', 'quality', 'safety' and 'operational' metrics.

^,# denotes one of the five highest paid executives of the Group (^) and/or Ricegrowers Limited (#) as required to be disclosed under the Corporations Act 2001.

18 Details of remuneration (audited) (continued)

(ii) Service agreements

The CEO, Gary Helou, has a service agreement in force until 1 May 2013. 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. The CEO's service agreement may be terminated by either party. The company may terminate the CEO's employment by giving the lesser of 12 months notice or the period remaining to the end of the service agreement. The CEO may terminate employment by giving the company the lesser of 6 months notice or the period remaining to the end of the service agreement. Any variation to these terms may be mutually agreed.

(iii) Remuneration for Directors of Ricegrowers Limited

Following a review by expert remuneration consultants, at the Annual General Meeting held on 27 August 2010, shareholders approved a change to the structure of Directors remuneration which included the termination of the Retirement Benefit Scheme. Annual Non Executive Director fees were increased to a fixed annual fee pool of \$750,000 with the Retirement Benefits Scheme "grandfathered" and paid on retirement at Board discretion. Prior to that, Directors remuneration had not increased since 2002.

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees \$	Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Retirement benefits^^ \$	Bonus \$	Equity Options / others \$	\$
GF Lawson AM								
2011	138,000	–	–	12,420	(21,563)	–	–	128,857
2010	81,332	–	–	7,320	(6,493)	–	–	82,159
DM Robertson								
2011	80,880	–	–	7,110	(6,686)	–	–	81,304
2010	56,688	–	–	4,932	(13,443)	–	–	48,177
LJ Arthur*								
2011	69,000	–	–	6,210	25,642	–	–	100,852
2010	33,850	–	–	3,047	–	–	–	36,897
NG Graham								
2011	67,880	–	–	5,940	883	–	–	74,703
2010	36,244	–	–	3,092	(10,027)	–	–	29,309
G Helou^#								
2011	817,000	200,000	8,000	25,000	–	–	–	1,050,000
2010	762,833	247,500	8,000	29,167	–	158,334	–	1,205,834
RA Higgins AO								
2011	66,000	–	–	5,940	(9,003)	–	–	62,937
2010	44,718	–	–	4,025	17,585	–	–	66,328

^^ Any amounts owing under the previous Retirement Benefits Scheme have been "grandfathered" and will be paid on retirement at the board's discretion. The retirement benefits have been frozen and will no longer fluctuate. No interest is to apply on the "grandfathered" amount. Ricegrowers Limited's liability of \$737,000 has been fully provided in previous years, therefore there will be no additional cost to the company. Director's superannuation entitlements have been netted off against the company's obligation to their retirement benefit. As a result, the company's obligation from year to year has fluctuated based on the performance of each of the directors' superannuation investment mix.

* As at 30 April 2010 L. Arthur achieved 2.68 years service, which under the previous retirement benefit scheme required the accrual of \$25,642. This represents an accrual for a retirement benefit that was not previously provided for and has now been "grandfathered".

^# denotes one of the five highest paid executives of the Group (^) and/or Ricegrowers Limited (#) as required to be disclosed under the Corporations Act 2001.

Note: No long term incentive has been determined for the Chief Executive Officer for the current year as it not capable of reliable estimation at this time.

Directors' Report continued

18 Details of remuneration (audited) (continued)

(iii) Remuneration for Directors of Ricegrowers Limited (continued)

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees \$	Bonus \$	Non-Monetary Benefits \$	Super-annuation \$	Retirement benefits^^ \$	Bonus \$	Equity Options / others \$	\$
<i>GL Kirkup</i>								
2011	66,000	–	–	5,940	(5,992)	–	–	65,948
2010	33,346	–	–	3,001	20,490	–	–	56,837
<i>GF Latta AM</i>								
2011	78,000	–	–	7,020	–	–	–	85,020
2010	44,466	–	–	–	504	–	–	44,970
<i>N McAllister</i>								
2011	63,000	–	–	5,670	(10,210)	–	–	58,460
2010	32,086	–	–	2,888	(8,799)	–	–	26,175
<i>AD Walsh</i>								
2011	63,000	–	–	5,670	(8,520)	–	–	60,150
2010	35,362	–	–	3,183	(3,323)	–	–	35,222

^^ Any amounts owing under the previous Retirement Benefits Scheme have been “grandfathered” and will be paid on retirement at the board’s discretion. The retirement benefits have been frozen and will no longer fluctuate. No interest is to apply on the “grandfathered” amount. Ricegrowers Limited’s liability of \$737,000 has been fully provided in previous years, therefore there will be no additional cost to the company. Director’s superannuation entitlements have been netted off against the company’s obligation to their retirement benefit. As a result, the company’s obligation from year to year has fluctuated based on the performance of each of the directors’ superannuation investment mix.

19 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 44.

20 Rounding of amounts

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

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

For and on behalf of the Board.

GF Lawson AM
Chairman

DM Robertson
Deputy Chairman

21 June 2011

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 45 to 92 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 2011 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.

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

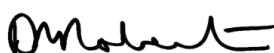
The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

For and on behalf of the Board.



GF Lawson AM
Director



DM Robertson
Director

21 June 2011



Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'S J Bourke'.

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
21 June 2011

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

Liability limited by a scheme approved under Professional Standards Legislation.

Income Statements

For the year ended 30 April 2011

	Note	Ricegrowers Limited		Consolidated	
		2011	2010	2011	2010
		\$000's	\$000's	\$000's	\$000's
Sales revenue	4	563,812	618,726	806,942	815,094
Other revenue	4	19,748	13,623	2,407	2,368
Revenue from continuing operations		583,560	632,349	809,349	817,462
Other income	5	1,427	97	1,615	2,483
Reversal of fixed asset impairment	15	1,029	–	1,029	–
Changes in inventories of finished goods		(56,810)	(43,447)	(54,230)	(73,088)
Raw materials and consumables used		(346,505)	(425,076)	(479,292)	(499,088)
Employee benefits expense		(42,893)	(40,780)	(73,333)	(68,263)
Depreciation and amortisation expense	6	(9,065)	(9,246)	(21,392)	(21,583)
Finance costs		(19,362)	(13,323)	(24,435)	(18,995)
Other expenses	6	(107,063)	(84,711)	(141,515)	(123,727)
Share of net profit of associate accounted for using the equity method		–	–	(296)	314
Profit before income tax		4,318	15,863	17,500	15,515
Income tax expense	7	(1,200)	(4,805)	(4,401)	(3,766)
Profit for the year		3,118	11,058	13,099	11,749
Profit for the year is attributable to:					
Non-controlling interests		–	–	408	(422)
Ricegrowers Limited shareholders		3,118	11,058	12,691	12,171
		3,118	11,058	13,099	11,749
Earnings per share for profit attributable to B Class Shareholders					
Basic and diluted earnings (cents per share)	33			23.3	24.5

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

Statements of Comprehensive Income

For the year ended 30 April 2011

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Profit for the year	3,118	11,058	13,099	11,749
Other comprehensive income				
Changes in fair value of cash flow hedges	8,359	3,233	8,123	4,473
Exchange differences on translation of foreign operations	–	–	(4,052)	(9,510)
Income tax relating to items of other comprehensive income	(2,507)	(971)	(2,437)	(1,347)
Other comprehensive income for the year, net of tax	5,852	2,262	1,634	(6,384)
Total comprehensive income for the year	8,970	13,320	14,733	5,365
Total comprehensive income for the year is attributable to:				
Non-controlling interests	–	–	(741)	(3,523)
Ricegrowers Limited shareholders	8,970	13,320	15,474	8,888
	8,970	13,320	14,733	5,365

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

Balance Sheets

As at 30 April 2011

	Note	Ricegrowers Limited		Consolidated	
		2011	2010	2011	2010
		\$000's	\$000's	\$000's	\$000's
Current assets					
Cash and cash equivalents	8	12,610	8,124	15,820	9,066
Receivables	9	171,150	171,461	126,023	118,364
Inventories	10	245,555	220,146	355,384	333,653
Current tax receivable		–	–	65	111
Derivative financial instruments	13	10,214	1,877	10,214	3,409
Total current assets		439,529	401,608	507,506	464,603
Non-current assets					
Receivables	9	36,141	43,840	1,000	1,237
Available-for-sale financial assets	12	–	–	–	3
Other financial assets	11	4,204	4,203	91	105
Property, plant and equipment	15	64,114	67,866	206,304	221,659
Investment properties	17	2,700	3,458	2,700	3,458
Intangible assets	16	2,740	3,212	9,711	10,174
Deferred tax assets	18	11,129	10,232	16,888	17,663
Investments accounted for using the equity method	14	–	–	785	1,106
Total non-current assets		121,028	132,811	237,479	255,405
Total assets		560,557	534,419	744,985	720,008
Current liabilities					
Payables	19	38,876	77,947	66,191	65,676
Grower payables	19	86,170	49,774	86,170	49,774
Borrowings	20	128,644	115,512	172,958	181,204
Current tax liabilities		683	2,568	1,221	4,209
Provisions	21	7,980	7,773	10,026	9,611
Derivative financial instruments	13	601	499	2,077	775
Total current liabilities		262,954	254,073	338,643	311,249
Non current liabilities					
Payables	19	–	–	20,152	32,336
Grower payables	19	26,574	11,807	26,574	11,807
Borrowings	20	57,684	57,968	84,254	99,075
Deferred tax liabilities	22	4,669	1,876	6,895	2,503
Provisions	21	1,440	1,668	2,913	3,037
Total non-current liabilities		90,367	73,319	140,788	148,758
Total liabilities		353,321	327,392	479,431	460,007
Net assets		207,236	207,027	265,554	260,001
Equity					
Contributed equity	23	104,256	101,017	104,256	101,017
Reserves	24	25,406	19,554	20,603	17,820
Retained profits	24	77,574	86,456	130,373	129,682
Total parent entity interest		207,236	207,027	255,232	248,519
Non-controlling interests		–	–	10,322	11,482
Total equity		207,236	207,027	265,554	260,001

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

Statements of Changes in Equity

For the year ended 30 April 2011

Consolidated

	Contributed equity \$000's	Reserves \$000's	Retained earnings \$000's	Total \$000's	Non- controlling interests \$000's	Total \$000's
Balance as at 1 May 2010	101,017	17,820	129,682	248,519	11,482	260,001
Profit for the year	–	–	12,691	12,691	408	13,099
Other comprehensive income	–	2,783	–	2,783	(1,149)	1,634
Total comprehensive income for the year	–	2,783	12,691	15,474	(741)	14,733
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,239	–	–	3,239	–	3,239
Dividends paid	–	–	(12,000)	(12,000)	(419)	(12,419)
	3,239	–	(12,000)	(8,761)	(419)	(9,180)
Balance as at 30 April 2011	104,256	20,603	130,373	255,232	10,322	265,554

	Contributed equity \$000's	Reserves \$000's	Retained earnings \$000's	Total \$000's	Non- controlling interests \$000's	Total \$000's
Balance as at 1 May 2009	58,072	21,103	129,073	208,248	15,211	223,459
Profit for the year	–	–	12,171	12,171	(422)	11,749
Other comprehensive income	–	(3,283)	–	(3,283)	(3,101)	(6,384)
Total comprehensive income for the year	–	(3,283)	12,171	8,888	(3,523)	5,365
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	42,945	–	–	42,945	–	42,945
Dividends paid	–	–	(11,562)	(11,562)	(206)	(11,768)
	42,945	–	(11,562)	31,383	(206)	31,177
Balance as at 30 April 2010	101,017	17,820	129,682	248,519	11,482	260,001

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

Statements of Changes in Equity

For the year ended 30 April 2011

Ricegrowers Limited

	Contributed equity \$000's	Reserves \$000's	Retained earnings \$000's	Total \$000's
Balance as at 1 May 2010	101,017	19,554	86,456	207,027
Profit for the year	–	–	3,118	3,118
Other comprehensive income	–	5,852	–	5,852
Total comprehensive income for the year	–	5,852	3,118	8,970
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,239	–	–	3,239
Dividends paid	–	–	(12,000)	(12,000)
	3,239	–	(12,000)	(8,761)
Balance as at 30 April 2011	104,256	25,406	77,574	207,236

	Contributed equity \$000's	Reserves \$000's	Retained earnings \$000's	Total \$000's
Balance as at 1 May 2009	58,072	17,292	86,960	162,324
Profit for the year	–	–	11,058	11,058
Other comprehensive income	–	2,262	–	2,262
Total comprehensive income for the year	–	2,262	11,058	13,320
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	42,945	–	–	42,945
Dividends paid	–	–	(11,562)	(11,562)
	42,945	–	(11,562)	31,383
Balance as at 30 April 2010	101,017	19,554	86,456	207,027

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 2011

	Note	Ricegrowers Limited		Consolidated	
		2011	2010	2011	2010
		\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		545,737	665,597	802,872	849,854
Payments to suppliers (inclusive of goods and services tax)		(378,268)	(492,312)	(521,823)	(645,030)
Payments of wages, salaries and on-costs		(42,878)	(41,449)	(73,007)	(68,569)
Dividends received		300	3	2	3
Interest received		2,261	2,641	584	489
Other revenue		928	337	1,546	1,616
Interest paid		(18,770)	(13,216)	(24,036)	(19,703)
Subsidiary performance fees received		8,731	–	–	–
Income taxes paid		(4,756)	(34,256)	(4,760)	(35,332)
		113,285	87,345	181,378	83,328
Payments to growers		(129,390)	(40,468)	(129,390)	(40,468)
Net cash (outflow)/inflow from operating activities	32	(16,105)	46,877	51,988	42,860
Cash flows from investing activities					
Payments for property, plant and equipment		(3,438)	(3,459)	(7,978)	(8,932)
Proceeds from sale of property, plant and equipment		–	3,403	434	139
Payments for intangibles		(81)	–	(968)	(37)
Loans to related parties		–	(30,812)	–	–
Repayment of loans by related parties		19,508	4,000	–	–
Proceeds from sale of investment properties and investments		808	–	812	–
Net cash inflow/(outflow) from investing activities		16,797	(26,868)	(7,700)	(8,830)
Cash flows from financing activities					
Proceeds from borrowings		196,151	270,999	196,153	297,080
Repayment of borrowings		(176,151)	(315,199)	(208,990)	(325,996)
Proceeds from issue of shares		–	36,474	–	36,474
Repayment of rice bonds	20	(6,862)	(9,856)	(6,862)	(9,856)
Repayment of finance leases		(583)	(369)	(623)	(417)
RMB equity redemptions	19	–	–	(5,766)	(40,334)
Dividends paid to company's shareholders		(8,761)	(7,391)	(8,761)	(7,391)
Net cash inflow/(outflow) from financing activities		3,794	(52,154)	(34,849)	(50,440)
Net increase/(decrease) in cash and cash equivalents		4,486	(5,333)	9,439	(16,410)
Cash and cash equivalents at the beginning of the financial year		8,124	13,457	5,241	22,877
Effect of exchange rate changes on cash and cash equivalents		–	–	(220)	(1,226)
Cash and cash equivalents at end of year	8	12,610	8,124	14,460	5,241

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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include 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 statements

These general purpose financial statements have 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

These financial statements of Ricegrowers Limited also comply 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 2011 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement 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 continued

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Associates (continued)

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

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

(c) Foreign currency translation

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

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

The financial position of the Group entities that have a functional currency other than Australian dollars is translated into Australian currency at exchange rates existing at balance date and the exchange gain or loss arising on translation is recognised in other comprehensive income and presented in 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 are brought to account when the right to receive payment is established and interest is recognised using the effective interest method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets comprise 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.

1 Summary of significant accounting policies (continued)

(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. They are carried at amortised cost using the effective interest method.

(e) Investment property

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

(f) Inventory

Raw materials, finished goods, packaging materials and engineering and consumable stores have been valued on the basis of the lower of cost or net realisable value. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the reporting period. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs. Cost in relation to processed 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. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

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

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

(i) Intangible assets

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

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

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

(j) Research and development costs

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

(k) Receivables and accounts payable

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

Trade accounts payable including accounts not yet billed are recognised when the consolidated entity becomes obliged to make future payments as a result of provision of assets, goods or services. Trade accounts payable are unsecured and generally settled within 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 comprise the balance of pool payments owed to growers for the current and next financial year's paddy rice where this is received by the company before the balance date. The portion of the payable in respect of the current financial year is based on the final paddy price for the year, with a portion in respect of paddy rice received for the next financial year based on that year's budgeted paddy price.

1 Summary of significant accounting policies (continued)

(n) Employee benefits

Wages and salaries, annual and sick leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits in accordance with the relevant awards in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

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.

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

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.

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

(p) Derivatives (continued)

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

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

(q) Cash and cash equivalents

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

(t) Acquisition of assets

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

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

1 Summary of significant accounting policies (continued)

(t) Acquisition of assets (continued)

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

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

(u) Segment reporting

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

(v) Provisions

Provisions are recognised when the settlement of a present obligation is probable. 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.

(x) Comparatives

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

(y) Contributed equity

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

(z) Government assistance

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

(aa) Earnings per share

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

(ab) Commodity contracts

Commodity contracts for the purchase of raw materials do not qualify for hedge accounting. Changes in fair value of any such 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ad) Parent entity information

The company has elected to include parent entity information in accordance with Class Order 10/654 issued by the Australian Securities and Investments Commission.

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

(ae) New accounting standards and interpretations

(i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. The standard will apply to the group's accounting for available-for-sale financial assets and only permits recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. As the group no longer holds available-for-sale financial assets there will be no impact on the group's financial statements.

(ii) *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Ricegrowers Limited is listed on the NSX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

(iii) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any impact on the financial statements of the entity.

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 mainly to the US dollar (USD), Hong Kong Dollar (HKD) and Euro (EUR).

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

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

2 Financial risk management (continued)

(i) Foreign exchange risk (continued)

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

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

Consolidated – 30 April 2011	2011	2011	2011	2010	2010	2010
	USD	HKD	EUR	USD	HKD	EUR
	000's	000's	000's	000's	000's	000's
Cash	3,502	2,121	–	951	1	–
Trade receivables	107,106	(2,155)	167	116,977	(622)	333
Trade payables	(77,014)	(128)	(115)	(98,396)	–	(189)
Forward exchange contracts:						
– selling foreign currency	(210,100)	–	–	(147,000)	–	–
– buying foreign currency	59,079	–	178	36,819	–	1,246
Net exposure – selling currency/(buying currency)	(117,427)	(162)	230	(90,649)	(621)	1,390

Ricegrowers Limited	2011	2011	2011	2010	2010	2010
	USD	HKD	EUR	USD	HKD	EUR
	000's	000's	000's	000's	000's	000's
Cash	2,811	2,121	–	538	1	–
Trade receivables	106,823	(2,155)	167	116,302	(622)	333
Trade payables	(4,580)	(128)	(115)	(30,863)	–	(189)
Forward exchange contracts:						
– selling foreign currency	(210,100)	–	–	(147,000)	–	–
– buying foreign currency	5,937	–	178	–	–	955
Net exposure – selling currency/(buying currency)	(99,109)	(162)	230	(61,023)	(621)	1,099

Group sensitivity analysis

At 30 April 2011, had the US dollar moved by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$221,000 higher/lower (2010 – a change of 10 cents: \$3,536,000 higher/lower) and other equity would have been \$7,405,000 higher/lower (2010: \$4,690,000) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

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

Ricegrowers Limited sensitivity analysis

At 30 April 2011, had the US dollar moved by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$1,497,000 higher/lower (2010 – a change of 10 cents – \$93,000 higher/lower) and other equity would have been \$7,934,000 higher/lower (2010: \$5,445,000) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

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

Notes to the Financial Statements continued

2 Financial risk management (continued)

(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 2011	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans and bank overdrafts	7.0	184,500	6.7	255,299
Interest rate swap (notional principal amount)	6.5	(28,000)	5.9	(46,000)
Net exposure to cash flow interest rate risk		156,500		209,299

30 April 2010	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans and bank overdrafts	7.0	164,500	5.9	271,158
Interest rate swap (notional principal amount)	7.3	(28,000)	6.4	(46,000)
Net exposure to cash flow interest rate risk		136,500		225,158

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

Group sensitivity analysis

At 30 April 2011, 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 \$366,000 lower/higher (2010: \$394,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

Ricegrowers Limited sensitivity analysis

At 30 April 2011, 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 \$274,000 lower/higher (2010: \$239,000 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.

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 Moody's A3 or Standard and Poor's A minus are accepted. Domestic customers are assessed for credit quality taking into account their financial position, past experience, trade references, ASIC searches and other factors. Export customers trading terms are secured by letter of credit, telegraphic transfer, cash against documents or documentary collection and prepayment. Individual risk limits are set in accordance with the limits set by the Board. Compliance with credit limits is regularly monitored by management. Further information about the quality of receivables is set out in note 9.

(c) Liquidity risk

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

Financing arrangements

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

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Floating rate:				
Bank overdraft – expiring within one year	3,845	3,845	9,507	7,457
Bank loans – expiring within one year	133,155	128,155	142,871	156,550
Bank loans – expiring beyond one year	–	26,200	2,500	26,200
	137,000	158,200	154,878	190,207

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 2011

	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	153,582	34,489	6,457	5,780	200,308	200,308
Variable rate	175,786	77,377	994	2,024	256,181	252,119
Fixed rate	1,293	3,548	1,166	–	6,007	5,093
Total non-derivatives	330,661	115,414	8,617	7,804	462,496	457,520
Derivatives						
Interest rate swaps – net settled	87	218	–	–	305	305
Foreign currency contracts – gross settled (inflow)	(244,317)	–	–	–	(244,317)	(10,214)
outflow	235,875	–	–	–	235,875	1,772
Total derivatives	(8,355)	218	–	–	(8,137)	(8,137)

Notes to the Financial Statements continued

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

Consolidated – 30 April 2010

	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	119,659	23,666	13,167	7,310	163,802	163,802
Variable rate	173,293	36,733	57,738	1,969	269,733	265,910
Fixed rate	13,490	1,141	1,196	–	15,827	14,369
Total non-derivatives	306,442	61,540	72,101	9,279	449,362	444,081

Derivatives

Interest rate swaps – net settled	91	371	38	–	500	500
Foreign currency contracts – gross settled (inflow)	(184,578)	–	–	–	(184,578)	(3,409)
outflow	181,444	–	–	–	181,444	275
Total derivatives	(3,043)	371	38	–	(2,634)	(2,634)

Ricegrowers Limited – 30 April 2011

	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	125,729	26,574	–	–	152,303	152,303
Variable rate	131,482	57,339	468	–	189,289	186,328
Total non-derivatives	257,211	83,913	468	–	341,592	338,631

Derivatives

Interest rate swaps – net settled	81	218	–	–	299	299
Foreign currency contracts – gross settled (inflow)	(211,048)	–	–	–	(211,048)	(10,214)
outflow	201,136	–	–	–	201,136	302
Total derivatives	(9,831)	218	–	–	(9,613)	(9,613)

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

Ricegrowers Limited – 30 April 2010

	Less than 12 months \$000's	Between 1 and 2 years \$000's	Between 2 and 5 years \$000's	Over 5 years \$000's	Total contractual cash flows \$000's	Total carrying amount \$000's
Non-derivatives						
Non-interest bearing	130,289	11,807	–	–	142,096	142,096
Variable rate	111,266	688	57,534	–	169,488	166,618
Fixed rate	7,342	–	–	–	7,342	6,862
Total non-derivatives	248,897	12,495	57,534	–	318,926	315,576
Derivatives						
Interest rate swaps – net settled	91	370	38	–	499	499
Foreign currency contracts – gross settled						
(inflow)	(163,585)	–	–	–	(163,585)	(1,877)
outflow	161,708	–	–	–	161,708	–
Total derivatives	(1,786)	370	38	–	(1,378)	(1,378)

3 Critical accounting estimates and judgements

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

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

(i) Impairment of assets

The Group tests for impairment of 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.

(ii) Raw material inventory and amounts payable to growers

Raw materials and amounts payable to growers in the parent entity are valued in accordance with the accounting policies in note 1(f) and (m).

Notes to the Financial Statements continued

4 Revenue

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Sales revenue				
Sale of goods	563,812	618,726	804,279	813,676
Services	–	–	2,663	1,418
	563,812	618,726	806,942	815,094
Other revenue				
Interest received	3,406	3,423	584	489
Dividends received	361	344	2	3
Other sundry items	1,054	879	1,821	1,630
Grain storage fee income	–	246	–	246
Subsidiary performance fee income	14,927	8,731	–	–
	19,748	13,623	2,407	2,368
	583,560	632,349	809,349	817,462

5 Other income

Fair value adjustment to investment properties	50	–	50	–
Net gain on debt forgiveness	–	–	–	640
Net gain on disposal of property, plant and equipment	–	–	188	–
Foreign exchange gains	1,377	97	1,377	1,843
	1,427	97	1,615	2,483

6 Expenses

Profit before income tax includes the following specific expenses:

Contributions to employee superannuation plans	1,190	1,129	2,346	2,039
Depreciation and amortisation				
Buildings	873	874	7,550	7,552
Plant and equipment	7,580	7,742	12,332	12,554
Leasehold improvements	58	60	533	549
Patents/brands and software	554	570	977	928
Total depreciation and amortisation expense	9,065	9,246	21,392	21,583

6 Expenses (continued)

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Other expenses				
Freight and distribution costs	39,861	27,544	59,923	50,933
AGS storage asset charge	12,200	12,540	–	–
Energy	8,510	4,877	10,554	7,523
Contracted services	12,682	8,745	13,245	10,676
Operating lease expenditure	2,740	2,867	8,361	7,714
Research and development	1,522	851	904	253
Advertising and artwork	7,343	4,938	12,143	8,540
Scheme of arrangement expenses*	3,471	–	3,471	–
Fair value adjustment to investment properties	–	650	–	650
Redundancy expenses	659	203	659	203
Net loss on disposal of property, plant and equipment	1	15	–	10
Net loss on sale of intangibles	–	13	–	13
Other	18,074	21,468	32,255	37,212
Total other expenses	107,063	84,711	141,515	123,727

*The business has incurred significant one off expenditure associated with the Proposed Scheme of Arrangement whereby Ebro Puleva SA made an unsolicited offer to acquire Ricegrowers Limited.

7 Income tax expense

(a) Income tax expense

Current tax expense	(3,447)	(8,522)	(5,080)	(9,810)
Deferred tax benefit	610	3,687	(2,639)	6,282
Adjustments for current tax of prior periods	1,637	30	3,318	(238)
Income tax expense attributable to profit from continuing operations	(1,200)	(4,805)	(4,401)	(3,766)

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

Increase/(decrease) in deferred tax assets (note 18)	874	2,972	(512)	4,906
(Increase)/decrease in deferred tax liabilities (note 22)	(264)	715	(2,127)	1,376
	610	3,687	(2,639)	6,282

Notes to the Financial Statements continued

7 Income tax expense (continued)

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before related income tax	4,318	15,863	17,500	15,515
Income tax expense calculated at the Australian rate of tax of 30% (2010: 30%)	(1,295)	(4,759)	(5,250)	(4,655)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:				
Entertainment	(19)	(20)	(34)	(30)
Income from controlled foreign companies	–	(60)	–	(60)
Research & development	76	64	85	98
Sundry items	(78)	(1)	(174)	(96)
	(21)	(17)	(123)	(88)
Difference in overseas tax rates	–	–	849	672
Adjustments for prior periods	116	(29)	123	305
Income tax expense	(1,200)	(4,805)	(4,401)	(3,766)
(c) Tax expense relating to items of other comprehensive income				
Cashflow hedges	2,507	971	2,437	1,347
Foreign exchange differences due to translation	–	–	91	(336)
	2,507	971	2,528	1,011

(e) 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.

8 Cash and cash equivalents

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Cash at bank and on hand	12,610	8,124	15,820	9,066
	12,610	8,124	15,820	9,066

(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	12,610	8,124	15,820	9,066
Less: Bank overdraft (note 20)	–	–	(1,360)	(3,825)
Balances per statement of cash flows	12,610	8,124	14,460	5,241

(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

Current

Trade receivables	39,698	35,944	100,145	78,380
Provision for impairment of receivables (note a)	(44)	(32)	(105)	(64)
	39,654	35,912	100,040	78,316
Other receivables	2,017	1,114	3,040	3,178
Owing by subsidiaries	113,823	125,782	–	–
GST receivable	6,591	1,896	6,599	1,929
Prepayments	9,065	6,757	16,344	34,941
	171,150	171,461	126,023	118,364

Non-current

Loan receivable	1,000	1,237	1,000	1,237
Loans to subsidiaries	35,141	42,603	–	–
	36,141	43,840	1,000	1,237

Notes to the Financial Statements continued

9 Receivables (continued)

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
(a) Impaired trade receivables				
Nominal value of impaired trade receivables is as follows:				
1 to 3 months	14	–	15	–
3 to 6 months	104	13	104	45
Over 6 months	21	68	82	68
	139	81	201	113

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:

At 1 May	32	137	64	255
Provision for impairment recognised during the year	19	41	57	(28)
Receivables written off during the year as uncollectible	(7)	(146)	(7)	(146)
Foreign currency difference on translation	–	–	(9)	(17)
At 30 April	44	32	105	64

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	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Up to 3 months	5,378	4,687	13,504	10,508
3 to 6 months	258	17	546	333
	5,636	4,704	14,050	10,841

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

(c) Fair values

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

(d) 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	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Raw materials	171,915	93,490	212,669	145,454
Finished goods	65,540	118,234	126,680	171,979
Packaging materials	3,856	4,357	10,129	10,708
Engineering and consumable stores	4,244	4,065	5,906	5,512
	245,555	220,146	355,384	333,653

11 Other financial assets

Shares in subsidiaries	4,173	4,173	–	–
Other unlisted securities	31	30	91	105
	4,204	4,203	91	105

12 Available-for-sale financial assets

At beginning of year	–	–	3	4
Revaluation	–	–	(2)	(1)
Disposal	–	–	(1)	–
At end of year	–	–	–	3
Listed securities	–	–	–	3

The available-for-sale financial assets were sold in the 2011 year.

13 Derivative financial instruments

Current assets

Forward foreign exchange contracts (cash flow hedges)	10,214	1,877	10,214	3,409
	10,214	1,877	10,214	3,409

Current liabilities

Interest rate swaps (cash flow hedges)	299	499	305	500
Forward foreign exchange contracts (cash flow hedges)	302	–	1,772	275
	601	499	2,077	775

Notes to the Financial Statements continued

13 Derivative financial instruments (continued)

(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 consolidated 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 38% (2010: 34%) of the core debt and AGS bank loans. The fixed interest rates range between 5.03% – 7.895% (2010: 5.03% – 7.895%) and the variable rates are between 4.94% and 7.95% (2010: 4.77% and 7.95%).

Ricegrowers Limited

Swaps currently in place cover 50% (2010: 50%) of the core debt bank loans. The fixed interest rates range between 5.43% – 7.895% (2010: 5.43% – 7.895%) and the variable rates are between 4.94% and 5.03% (2010: 4.15% and 4.52%) for the 90 day bank bill term, which at balance date was 4.97% (2010: 4.68%).

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.

(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.

14 Investments accounted for using the equity method

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Shares in associates	–	–	785	1,106

14 Investments accounted for using the equity method (continued)

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	
		2011	2010
Pagini Transport (incorporated in Papua New Guinea)	Transport	31.56%	31.56%
		Consolidated	
		2011	2010
		\$000's	\$000's
(a) Movements in carrying amounts			
Carrying amount at the beginning of the financial year		1,106	1,068
Share of loss after related income tax		(296)	(11)
Foreign currency difference		(25)	(276)
Other adjustments		–	325
Carrying amount at the end of the financial year		785	1,106
(b) Share of associates' profits/(losses)			
Loss before related income tax		(296)	(16)
Income tax benefit		–	5
Loss after related income tax		(296)	(11)

(c) Summarised financial information of associates

	Assets	Liabilities	Revenues	Profits
	\$000's	\$000's	\$000's	\$000's
2011				
Pagini Transport	7,884	5,396	1,581	(938)
2010				
Pagini Transport	9,105	5,599	1,837	(35)

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

Notes to the Financial Statements continued

15 Property, plant and equipment

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Freehold land				
At cost	3,757	3,757	10,887	11,275
	3,757	3,757	10,887	11,275
Buildings				
At cost	47,171	46,420	181,521	181,772
Less accumulated depreciation	(20,161)	(19,418)	(54,160)	(46,838)
	27,010	27,002	127,361	134,934
Leasehold improvements				
At cost	863	863	9,546	9,601
Less accumulated depreciation	(402)	(344)	(2,849)	(2,392)
	461	519	6,697	7,209
Plant and equipment				
At cost	122,777	119,273	183,000	181,293
Less accumulated depreciation	(91,450)	(85,319)	(123,599)	(116,089)
Under finance lease	2,205	2,055	2,381	2,261
Less accumulated depreciation	(1,040)	(715)	(1,128)	(777)
	32,492	35,294	60,654	66,688
Capital works in progress				
At cost	394	1,294	705	1,553
	64,114	67,866	206,304	221,659

Reconciliations

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

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
Consolidated	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2010	146,209	7,209	66,688	1,553	221,659
Additions	–	195	3,125	4,658	7,978
Recognition of finance lease	–	–	293	–	293
Capital works in progress reclassifications	821	88	4,542	(5,481)	(30)
Reversal of impairment	130	–	899	–	1,029
Transfers/disposals/scraping	–	(19)	(227)	–	(246)
Depreciation expense	(7,550)	(533)	(12,332)	–	(20,415)
Foreign currency differences	(1,362)	(243)	(2,334)	(25)	(3,964)
Carrying amount at 30 April 2011	138,248	6,697	60,654	705	206,304

15 Property, plant and equipment (continued)

Reconciliations (continued)

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Ricegrowers Limited					
Carrying amount at 1 May 2010	30,759	519	35,294	1,294	67,866
Additions	–	–	–	3,438	3,438
Recognition of finance lease	–	–	293	–	293
Capital works in progress reclassifications	751	–	3,587	(4,338)	–
Reversal of impairment	130	–	899	–	1,029
Transfers/disposals/scraping	–	–	(1)	–	(1)
Depreciation expense	(873)	(58)	(7,580)	–	(8,511)
Carrying amount at 30 April 2011	30,767	461	32,492	394	64,114

The impairment reversal relates to fixed assets at Deniliquin Mill #2. With the return to normal paddy supply for the 2011/2012 year, production at Deniliquin Mill #2 has now recommenced. This, together with a favourable outlook for future crops, has resulted in a reversal of the impairment.

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Consolidated					
Carrying amount at 1 May 2009	155,530	9,462	75,450	2,739	243,181
Additions	18	24	1,763	7,127	8,932
Recognition of finance lease	–	–	1,386	–	1,386
Capital works in progress reclassifications	1,582	30	6,370	(7,982)	–
Transfers/disposals/scraping	(25)	–	(101)	(23)	(149)
Depreciation expense	(7,552)	(549)	(12,554)	–	(20,655)
Foreign currency differences	(3,344)	(1,758)	(5,626)	(308)	(11,036)
Carrying amount at 30 April 2010	146,209	7,209	66,688	1,553	221,659

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	\$000's	\$000's	\$000's	\$000's	\$000's
Ricegrowers Limited					
Carrying amount at 1 May 2009	32,075	694	41,650	696	75,115
Additions	–	–	–	3,459	3,459
Recognition of finance lease	–	–	1,386	–	1,386
Capital works in progress reclassifications	495	–	2,366	(2,861)	–
Transfers/disposals/scraping	(937)	(115)	(2,366)	–	(3,418)
Depreciation expense	(874)	(60)	(7,742)	–	(8,676)
Carrying amount at 30 April 2010	30,759	519	35,294	1,294	67,866

Notes to the Financial Statements continued

15 Property, plant and equipment (continued)

Purchase of Rice Storage Assets

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

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

Assets pledged as security

There are fixed and floating charges over all fixed assets.

16 Intangibles

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Goodwill	185	185	3,169	2,820
Patents and brands	3,379	3,379	8,128	8,633
Less accumulated amortisation	(1,325)	(1,154)	(2,802)	(2,426)
	2,054	2,225	5,326	6,207
Software	2,818	2,737	3,787	3,206
Less accumulated amortisation	(2,350)	(2,168)	(2,604)	(2,292)
	468	569	1,183	914
Other	1,000	1,000	1,000	1,000
Less accumulated amortisation	(967)	(767)	(967)	(767)
	33	233	33	233
	2,740	3,212	9,711	10,174

Consolidated	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2010	2,820	6,207	914	233	10,174
Additions	352	–	647	–	999
Amortisation charge	–	(457)	(320)	(200)	(977)
Foreign exchange difference on translation	(3)	(424)	(58)	–	(485)
Carrying amount at 30 April 2011	3,169	5,326	1,183	33	9,711

16 Intangibles (continued)

Ricegrowers Limited	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2010	185	2,225	569	233	3,212
Additions	–	–	82	–	82
Amortisation charge	–	(171)	(183)	(200)	(554)
Carrying amount at 30 April 2011	185	2,054	468	33	2,740

Consolidated	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2009	2,826	7,595	413	433	11,267
Additions	–	–	37	–	37
Recognition of finance lease	–	–	726	–	726
Disposals	–	–	(13)	–	(13)
Amortisation charge	–	(479)	(249)	(200)	(928)
Foreign exchange difference on translation	(6)	(909)	–	–	(915)
Carrying amount at 30 April 2010	2,820	6,207	914	233	10,174

Ricegrowers Limited	Goodwill	Brands	Software	Other	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2009	185	2,396	55	433	3,069
Recognition of finance lease	–	–	726	–	726
Disposals	–	–	(13)	–	(13)
Amortisation charge	–	(171)	(199)	(200)	(570)
Carrying amount at 30 April 2010	185	2,225	569	233	3,212

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

	2011	2010
	\$000's	\$000's
Rice Milling and Marketing	27	30
Riviana Foods	2,957	2,605
Coprice	185	185
	3,169	2,820

Notes to the Financial Statements continued

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 2012 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

CGU	Growth Rate		Discount Rate	
	2011	2010	2011	2010
	%	%	%	%
Rice Milling and Marketing	1.0	1.0	10.0	10.0
Riviana Foods	1.0	1.0	10.0	10.0
Coprice	1.0	1.0	10.0	10.0

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

17 Investment properties

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
At fair value				
Opening balance at 1 May	3,458	4,108	3,458	4,108
Disposal	(808)	–	(808)	–
Net gain/(loss) from fair value adjustment	50	(650)	50	(650)
Closing balance at 30 April	2,700	3,458	2,700	3,458

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 had two investment properties. The Griffith site was valued in 2011 by a certified practising valuer. The sale of the Yenda site was finalised in 2011.

18 Deferred tax assets

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
The balance comprises temporary differences attributable to:				
Provisions	3,200	3,040	4,354	4,030
Accruals	86	891	317	1,057
Depreciation	4,781	3,751	5,197	4,057
Foreign exchange	2,806	2,338	4,396	3,045
Inventories	–	–	1,073	3,645
Other	83	63	1,224	1,596
	10,956	10,083	16,561	17,430
Cash flow hedges	83	–	235	84
Interest rate swaps	90	149	92	149
Total deferred tax assets	11,129	10,232	16,888	17,663
Movements				
Opening balance at 1 May	10,232	7,697	17,663	13,257
Credited/(charged) to income statement	874	2,972	(512)	4,906
Foreign exchange differences on translation	–	–	(357)	336
(Charged)/credited to other comprehensive income	23	(437)	94	(836)
Closing balance at 30 April	11,129	10,232	16,888	17,663

19 Payables

Current

Trade and other payables	21,675	39,230	54,412	60,094
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	–	–	11,779	5,582
Owing to subsidiaries	17,201	38,717	–	–
Total external trade payables	38,876	77,947	66,191	65,676
Amounts payable to Australian ricegrowers	86,170	49,774	86,170	49,774
	125,046	127,721	152,361	115,450

Non-current

Trade and other payables	–	–	1,290	1,511
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	–	–	18,862	30,825
Total external trade payables	–	–	20,152	32,336
Amounts payable to Australian ricegrowers	26,574	11,807	26,574	11,807
	26,574	11,807	46,726	44,143

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

Notes to the Financial Statements continued

19 Payables (continued)

(a) Fair values

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

(b) Risk exposure

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

20 Borrowings

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Current				
<i>Secured</i>				
Bank overdrafts	–	–	1,360	3,825
Bank loans	128,000	108,000	170,921	169,825
Lease liability (note 28)	644	650	677	692
<i>Unsecured</i>				
Rice bonds (note 27)	–	6,862	–	6,862
	128,644	115,512	172,958	181,204
Non current				
<i>Secured</i>				
Bank loans	56,500	56,500	83,018	97,508
Lease liability (note 28)	1,184	1,468	1,236	1,567
	57,684	57,968	84,254	99,075

(a) Significant terms and conditions of bank facilities

During the 2011 financial year, Ricegrowers Limited renegotiated its seasonal syndicated banking facility. The seasonal debt facility was increased to \$265m from \$240m and the maturity date was extended to 22 December 2011. The core debt facility was reduced from \$82.7m to \$56.5m (maturity date 9 December 2012). The total facility is \$321.5m compared to \$322.7m in the prior year.

The bank loans, including overdrafts and the facilities of the company, are secured by registered mortgages over all 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 CBA Corporate Services (NSW) P/L. In addition, debt covenants apply to the above bank loans.

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

(b) Fair values

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

(c) Carrying amount of all assets pledged as security

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

20 Borrowings (continued)

(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	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
The Group's bank loans are categorised as follows:				
Seasonal debt	128,000	108,000	133,751	132,787
Core debt	56,500	56,500	84,188	98,546
AGS debt	–	–	36,000	36,000
	184,500	164,500	253,939	267,333
Representing:				
Current bank loans	128,000	108,000	170,921	169,825
Non-current bank loans	56,500	56,500	83,018	97,508
	184,500	164,500	253,939	267,333

Seasonal debt

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

Core debt

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

AGS debt

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

21 Provisions

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Current				
Employee benefits (note 29)	7,154	6,912	9,189	8,740
Employee allowances	39	39	50	49
Directors' retirement benefits	787	822	787	822
	7,980	7,773	10,026	9,611
Non current				
Employee benefits (note 29)	1,440	1,668	2,913	3,037
	1,440	1,668	2,913	3,037

Notes to the Financial Statements continued

21 Provisions (continued)

(a) Aggregate employee entitlement benefits

Aggregate employee entitlements include benefits measured at present values of future amounts expected to be paid based on projected weighted average increase in wage and salary rates over an average period of 10 years. Present values are calculated using a weighted average rate of 5.44% 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.

22 Deferred tax liabilities

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
The balance comprises temporary differences attributable to:				
Prepayments	233	12	369	264
Inventories	1,357	1,321	1,651	1,458
Investment property	15	9	15	9
Depreciation	–	–	793	24
Foreign exchange	–	–	958	–
Other	–	–	45	214
	1,605	1,342	3,831	1,969
Cash flow hedges	3,064	534	3,064	534
Net deferred tax liabilities	4,669	1,876	6,895	2,503
Movements				
Opening balance at 1 May	1,876	2,057	2,503	3,345
(Credited)/charged to profit and loss	264	(715)	2,127	(1,376)
Foreign exchange difference on translation	–	–	(265)	–
Charged/(credited) to other comprehensive income	2,529	534	2,530	534
Closing balance at 30 April	4,669	1,876	6,895	2,503

23 Contributed equity

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
(a) Share capital				
Fully paid Ordinary B Class Shares	104,256	101,017	104,256	101,017

23 Contributed equity (continued)

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

Date	Details	Number of shares	Issue price	\$000's
1 May 2009	Balance	35,992,886		58,072
16 July 2009	Share Issue Offer	14,844,323	\$2.53	37,605
16 July 2009	Share Issue Offer	546,101	\$2.14	1,169
30 July 2009	Dividend Reinvestment	1,949,031	\$2.14	4,171
1 May 2010	Balance	53,332,341		101,017
30 July 2010	Dividend Reinvestment (i)	1,369,647	\$2.37	3,239
30 April 2011	Balance	54,701,988		104,256

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.

A Class shares

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

At 30 April 2011, 794 (2010: 790) A Class shares were on issue.

(c) Capital risk management

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

The objective of the Board is to reduce Ricegrowers Limited's gearing ratio to 70% over approximately the next four years. The Board has not determined how to raise the capital to achieve a gearing ratio of 70%, however it is considering using one or more of the following options; paddy price reductions, reduction in future dividends on B Class shares and raising external capital.

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

The gearing ratios at 30 April 2011 and 30 April 2010 were as follows:

	Notes	Consolidated	
		2011	2010
		\$000's	\$000's
Total borrowings	20	257,212	280,279
Add: amounts owing to the RMB for equity certificates	19	30,641	36,407
Less: cash and cash equivalents	8	(15,820)	(9,066)
Net debt		272,033	307,620
Total equity		265,554	260,001
Gearing ratio		102%	118%

The gearing ratio at 30 April 2011 is at 102% compared to 118% at April 2010. The reduction is mainly due to a combination of timing of payments and receipt of the C2011 paddy crop, lower working capital at subsidiaries and an increase in the hedging reserves.

Notes to the Financial Statements continued

24 Reserves and retained profits

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Reserves				
General reserve	18,657	18,657	28,453	28,453
Asset revaluation reserve	–	–	4,917	4,917
Foreign currency translation reserve	–	–	(19,157)	(16,254)
Hedging reserve – cash flow hedges	6,749	897	6,390	704
	25,406	19,554	20,603	17,820
(a) Movements				
Foreign currency translation reserve				
Balance 1 May	–	–	(16,254)	(9,966)
Net exchange difference on translation of overseas controlled entities	–	–	(2,903)	(6,288)
Balance 30 April	–	–	(19,157)	(16,254)
Hedging reserve – cash flow hedges				
Balance 1 May	897	(1,365)	704	(2,298)
Revaluation and transfer to profit and loss – gross	8,359	3,233	8,123	4,364
Deferred tax	(2,507)	(971)	(2,437)	(1,347)
Foreign exchange difference	–	–	–	(15)
Balance 30 April	6,749	897	6,390	704
Retained profits				
Balance 1 May	86,456	86,960	129,682	129,073
Net profit for the year	3,118	11,058	12,691	12,171
Dividends provided for or paid	(12,000)	(11,562)	(12,000)	(11,562)
Balance 30 April	77,574	86,456	130,373	129,682

(b) Nature and purpose of reserves

(i) Asset revaluation reserve

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

(ii) General reserve

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

(iii) Foreign currency translation reserve

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

(iv) Hedging reserve – cash flow hedges

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

25 Franked dividends

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Dividend declared during the year ended 30 April 2011 of 22.5 cents (2010: 22.5 cents) per fully paid share	12,000	11,562	12,000	11,562

The dividend of \$11,999,782 relates to a dividend declared and paid in respect of the 2010 financial year and was fully franked.

The franked portions of the final dividends recommended after 30 April 2011 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 April 2012:

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 – 30%)	35,822	36,222	35,822	36,222

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax,
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$4,219,868 (2010 – \$5,142,764).

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 2011 are:

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Letters of credit	701	7,088	701	7,088
Guarantee of bank advances	692	933	1,512	1,754
	1,393	8,021	2,213	8,842

Notes to the Financial Statements continued

27 Rice bonds

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Due for repayment:				
Within one year	–	6,862	–	6,862
	–	6,862	–	6,862
Representing:				
Current (note 20)	–	6,862	–	6,862
	–	6,862	–	6,862

Ricegrowers Limited issued Rice Bonds as an alternative funding mechanism. The bonds had repayment terms between 3 and 7 years and have now been repaid in full.

28 Commitments for expenditure

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
(a) Capital commitments (property, plant and equipment)				
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	420	311	2,187	1,849
(b) Lease commitments				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	2,923	2,117	8,618	8,283
Later than one year but not later than five years	6,133	4,003	15,213	16,795
Later than five years	408	–	6,055	5,076
	9,464	6,120	29,886	30,154
Representing:				
Cancellable operating leases	9,464	6,120	29,886	30,154
Commitments in relation to finance leases are payable as follows:				
Within one year	820	863	859	913
Later than one year but not later than five years	1,307	1,722	1,361	1,832
Minimum lease payments	2,127	2,585	2,220	2,745
less: future finance charges	(299)	(467)	(307)	(486)
Recognised as a liability	1,828	2,118	1,913	2,259
Representing lease liabilities:				
Current (note 20)	644	650	677	692
Non current (note 20)	1,184	1,468	1,236	1,567
	1,828	2,118	1,913	2,259

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

29 Employee benefits

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
(a) Employee benefits and related on cost liabilities				
Provision for employee benefits (note 21)				
Current	7,154	6,912	9,189	8,740
Non-current	1,440	1,668	2,913	3,037
Aggregate employee entitlement benefits	8,594	8,580	12,102	11,777
Employee numbers				
	Number		Number	
Average number of employees during the year	445	437	1,784	1,679

(b) Superannuation plan/commitments

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

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	Country of Incorporation	Principal activities	Direct/indirect interest in ordinary shares/equity	
			2011	2010
			%	%
SunRice Trading Pty Ltd	Australia	Distribution of rice	100	100
SunFoods LLC	USA	Processing and distribution of rice	65	65
Rice Research Australia Pty Ltd	Australia	Research into rice growing	100	100
Australian Grain Storage Pty Ltd	Australia	Grain storage assets	100	100
SunRice Australia Pty Ltd	Australia	Marketing	100	100
Silica Resources Pty Ltd	Australia	Investment	100	100
Riviana Foods Pty Ltd	Australia	Importation/distribution of food products	100	100
Trukai Industries Limited	PNG	Distribution of rice	66.23	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	66.23	66.23
Rice Industries Limited	PNG	Property	66.23	66.23
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	100	100
SunArise Insurance Company Ltd	Bermuda	Insurance	100	100
Aqaba Processing Company Ltd	Jordan	Rice packing/storage	80	80
Sunshine Rice, Inc	USA	Marketing	100	100

Non-controlling interests

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

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

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

Notes to the Financial Statements continued

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) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$	\$	\$	\$
Short term employee benefits	2,790,239	2,517,758	3,455,937	2,999,565
Post-employment benefits	115,551	131,991	156,531	170,252
Other long-term benefits	310,377	267,334	352,441	308,173
Share-based payments	–	–	–	–
	3,216,167	2,917,083	3,964,909	3,477,990

Detailed remuneration disclosures are provided in note 17 and 18 of the Directors report.

(ii) Share holdings

	Directors' and other KMP interests in A and B Class shares of Ricegrowers Limited	
Director	2011	2010
GF Lawson AM	330,140	330,140
DM Robertson	224,540	224,540
LJ Arthur	234,819	234,819
NG Graham	100,898	100,898
G Helou	54,000	54,000
RA Higgins AO	29,838	29,838
GL Kirkup	67,425	67,425
GF Latta AM	29,838	29,838
N McAllister	319,086	319,086
AD Walsh	473,323	473,323
Other Key Management Personnel	2011	2010
M Bazley	18,500	18,500
B Hingle	11,000	11,000
D Keldie	14,784	13,500
J Lloyd	–	–

31 Related party transactions (continued)

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

<i>Issuing entity</i>	2011	2010
Ricegrowers Limited	1,284	1,081,490

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

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

<i>Issuing entity</i>	2011	2010
Ricegrowers Limited	1,908,191	1,906,907

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

(iii) Transactions with Directors and other Key Management Personnel

	Ricegrowers Limited	
	2011	2010
	\$000's	\$000's
<i>Transaction type and class of other party</i>		
Purchases of rice from Directors	3,200	1,596
Purchases of grain from Directors	282	65
Sale of inputs to Directors	159	58
Sale of stockfeed to Directors	22	19
Purchases of inputs from Directors	–	34

There were no transactions with other Key Management Personnel.

(d) Transactions with other related parties

During the year the company entered into the following transaction types with entities in the group; sale of rice and other rice products, purchase of paddy rice; receipt of performance 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	
	2011	2010
	\$000's	\$000's
<i>(i) Transaction type and class of other party</i>		
Sale of rice to controlled entities	179,660	217,966
Purchase of rice from controlled entities	101,465	110,405
Dividends received from controlled entities	360	341
Subsidiary performance fee income	14,927	8,731
Interest revenue from controlled entities	2,836	2,958
Loans advanced to controlled entities	–	30,812
Loans repaid by controlled entities	19,508	4,000

Notes to the Financial Statements continued

31 Related party transactions (continued)

(d) Transactions with other related parties (continued)

(ii) Amounts receivable from and payable to entities in the group

	Ricegrowers Limited	
	2011	2010
	\$000's	\$000's
Aggregate amounts receivable at balance date from:		
— Current – controlled entities	113,823	125,782
— Non-current – controlled entities	35,141	42,603
	148,964	168,385
Aggregate amounts payable at balance date to:		
— Current – controlled entities	17,201	38,717

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.

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

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$000's	\$000's	\$000's	\$000's
Profit for the year	3,118	11,058	12,691	12,171
Depreciation and amortisation	9,065	9,246	21,392	21,583
Loss/(gain) on sale/disposal of property, plant and equipment	1	15	(188)	10
Loss on sale/disposal of intangibles	–	13	–	13
Fair value revaluation of investment property	(50)	650	(50)	650
Reversal of impairment of fixed assets	(1,029)	–	(1,029)	–
Share of associates net profit	–	–	296	(314)
Debt forgiveness in relation to the RMB equity conversion	–	–	–	(640)
Changes in operating assets and liabilities, net of effect of acquisition of business				
(Increase)/decrease in trade and other receivables	(11,378)	11,190	(4,292)	(2,120)
(increase)/decrease in inventories	(25,409)	(10,564)	(21,988)	7,216
Increase in amounts payable to growers	51,163	40,881	51,163	40,881
Increase/(decrease) in trade and other creditors and employee entitlements	(39,091)	12,464	(5,795)	(3,687)
Decrease in provision for income taxes payable	(1,885)	(24,388)	(2,941)	(26,288)
(Increase)/decrease in deferred tax balances	(610)	(3,688)	2,729	(6,615)
Net cash (outflows)/inflows from operating activities	(16,105)	46,877	51,988	42,860

33 Earnings per share

(a) Basic and Diluted earnings per share

	Consolidated	
	2011	2010
	Cents	Cents
Basic and diluted earnings per share	23.3	24.5

(b) Reconciliation of earnings per share

	Consolidated	
	2011	2010
	\$000's	\$000's
Profit for the year	12,691	12,171

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

	Consolidated	
	2011	2010
	\$000's	\$000's
Weighted average number of B Class shares	54,364	49,647

34 Subsequent events

On 31 May 2011 shareholders voted on the Ebro proposal, which was not approved.

On 15 June 2011 the CEO, Gary Helou, tendered his resignation. The Board has agreed to a three months notice period and he will be leaving on 14 September 2011.

On 21 June 2011 the Directors declared a fully franked final dividend of 18.0 cents per share. The financial impact of this dividend will be recognised in the 2012 financial statements.

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

35 Segment information

Business segments

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

Rice Milling & Marketing (RM&M) – the milling, marketing and distribution of rice

Riviana Foods (Riviana) – importation and distribution of food products

Australian Grain Storage (AGS) – receipt and storage of paddy rice in Australia

All other segments

Notes to the Financial Statements continued

35 Segment information (continued)

The Corporate Management Team evaluates results based on Contributed EBIT which is defined as gross profit after direct sales and marketing costs and excludes group financing expenses, centralised corporate services, one off expenses and other income. Other unallocated expenses refers to impairment losses, redundancy expenses, restructuring costs and unrealised gains/losses on financial instruments. Other revenue refers to management fees, dividends and sale of corporate assets.

Sales between segments are carried out at arms length and are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements. The segment result includes an asset financing charge that is allocated to the appropriate segment. The group's borrowings are not considered to be segment liabilities but rather managed by the Treasury function.

The following table sets forth the segment results for the year ended 30 April 2011.

	RM&M	Riviana	AGS	All other segments	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	517,168	143,405	23,051	163,000	846,624
Inter-segment revenue	(20,170)	–	(19,298)	(214)	(39,682)
Revenue from external customers	496,998	143,405	3,753	162,786	806,942
Other revenue					2,407
Total revenue from continuing operations					809,349
Contributed EBIT	27,163	19,436	5,451	27,396	79,446
Intersegment eliminations					336
Finance expense (net)					(23,427)
Centralised corporate services					(35,296)
Ebro scheme costs					(3,471)
Impairment reversal					1,029
Other unallocated (expenses)/income					(1,117)
Profit before income tax					17,500
Depreciation	8,864	1,500	7,055	3,973	21,392
Acquisitions of property, plant and equipment	4,112	2,100	136	1,630	7,978
Segment assets	526,588	89,033	109,210	82,223	807,054
Intersegment eliminations					(78,957)
Deferred tax assets					16,888
Total assets					744,985
Segment liabilities	172,775	30,174	63,533	21,209	287,691
Intersegment eliminations					(73,588)
Current tax liability					1,221
Deferred tax liabilities					6,895
Borrowings current					172,958
Borrowings non current					84,254
Total liabilities					479,431

35 Segment information (continued)

Revenues of approximately \$101,871,000 (2010: \$97,343,000) are derived from a single external customer. These revenues are attributable to the Rice Milling and Marketing and Riviana segments.

The following table sets forth the segment results for the year ended 30 April 2010.

	RM&M	Riviana	AGS	All other segments	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	532,340	140,834	12,540	169,960	855,674
Inter-segment revenue	(25,440)	–	(12,540)	(2,600)	(40,580)
Revenue from external customers	506,900	140,834	–	167,360	815,094
Other revenue					2,368
Total revenue from continuing operations					817,462
Contributed EBIT	36,241	13,545	5,470	20,656	75,912
Intersegment eliminations					(658)
Finance expense (net)					(18,178)
Centralised corporate services					(35,863)
Other unallocated (expenses)/income					(5,698)
Profit before income tax					15,515
Depreciation	9,394	1,326	6,973	3,890	21,583
Acquisitions of property, plant and equipment	4,023	886	291	3,732	8,932
Segment assets	517,694	87,234	113,202	83,280	801,410
Intersegment eliminations					(99,065)
Deferred tax assets					17,663
Total assets					720,008
Segment liabilities	159,420	19,976	69,500	17,394	266,290
Intersegment eliminations					(93,274)
Current tax liability					4,209
Deferred tax liabilities					2,503
Borrowings current					181,204
Borrowings non current					99,075
Total liabilities					460,007

Notes to the Financial Statements continued

35 Segment information (continued)

Other segment information – geographical areas

	Australia \$000's	PNG \$000's	Other \$000's	Total \$000's
2011				
Revenues from external customers	368,200	211,617	227,125	806,942
	Australia \$000's	PNG \$000's	Other \$000's	Total \$000's
2010				
Revenues from external customers	377,002	212,112	225,980	815,094

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

The total of non-current assets other than deferred tax assets located in Australia is \$182,401,000 (2010: \$193,560,000) and the total of these non-current assets located in other countries is \$38,191,000 (2010: \$44,182,000). Segment assets are allocated to countries based on where the assets are located.

36 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:

	Ricegrowers Limited		Consolidated	
	2011	2010	2011	2010
	\$	\$	\$	\$
(a) Assurance services				
Audit services				
Fees paid to PricewaterhouseCoopers Australian firm	217,000	296,000	263,500	371,110
Fees paid to related practices of PricewaterhouseCoopers Australian firm	–	–	120,095	177,970
Fees paid to non-PricewaterhouseCoopers audit firm	–	–	13,145	16,111
Total remuneration for audit services	217,000	296,000	396,740	565,191
(b) Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm	99,050	58,122	102,800	58,122
Fees paid to related practices of PricewaterhouseCoopers Australian firm	–	–	10,894	8,410
Total remuneration for other assurance services	99,050	58,122	113,694	66,532
Total remuneration for assurance services	316,050	354,122	510,434	631,723
(c) Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm	542,339	429,640	542,339	429,640
Fees paid to related practices of PricewaterhouseCoopers Australian firm	–	–	16,721	6,381
Fees paid to non-PricewaterhouseCoopers audit firm	–	–	–	1,197
Total remuneration for taxation services	542,339	429,640	559,060	437,218

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.



Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the balance sheet as at 30 April 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Ricegrowers and the Ricegrowers 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

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

Independence

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

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



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 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report 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 38 to 42 of the directors' report for the year ended 30 April 2011. 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 2011, 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 2011 included on Ricegrowers Limited web site. The company's directors are responsible for the integrity of the Ricegrowers Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

S J Bourke
Partner

Sydney
21 June 2011

Corporate Directory

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 Newton 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

This page has been intentionally left blank