Reaping the Rewards of Investment

Annual Report 2015


LONG
VEHICLE

Over the past three years, SunRice has successfully executed a strategy which has built capability and capacity for the business. As a result we are now better positioned than ever to deliver on our strategic goals and priorities.

Our Goals

– Maximise grower returns over the long term by optimising market, channel and varietal mix
– Grow shareholder value and increase resilience of earnings by pursuing diversified and stable growth

Our Priorities

– Establish a secure and sustainable supply base
– Expand sales of premium products and specialty rice varieties
– Differentiate and build value in our consumer markets
– Diversify earnings by accelerating growth of complementary businesses
– Continue to pursue operational excellence


FORK INCLUDED
SunRice
CHICKEN WITH A KICK
& NOODLES
200 g
READY IN 60 SECONDS
MADE FROM FRESH INGREDIENTS
FORK INCLUDED
SunRice
STREET SNACK
CHICKEN SATAY
& RICE
200 g
READY IN 60 SECONDS
STREET SNACK
& RICE NOODLES
200 g
READY IN 60 SECONDS

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SunRice's Annual Report covers Ricegrowers Limited ABN 55007481156 and subsidiaries. The Report can be viewed or downloaded from SunRice's website, www.sunrice.com.au. In this report, 'the year', 'this year', '2014/15', 'crop year 2014', 'C14' all refer to the Financial Year ended 30 April 2015. The '2015 harvest' refers to the rice crop grown in 2014/15 and processed in the Financial Year ended 30 April 2016.

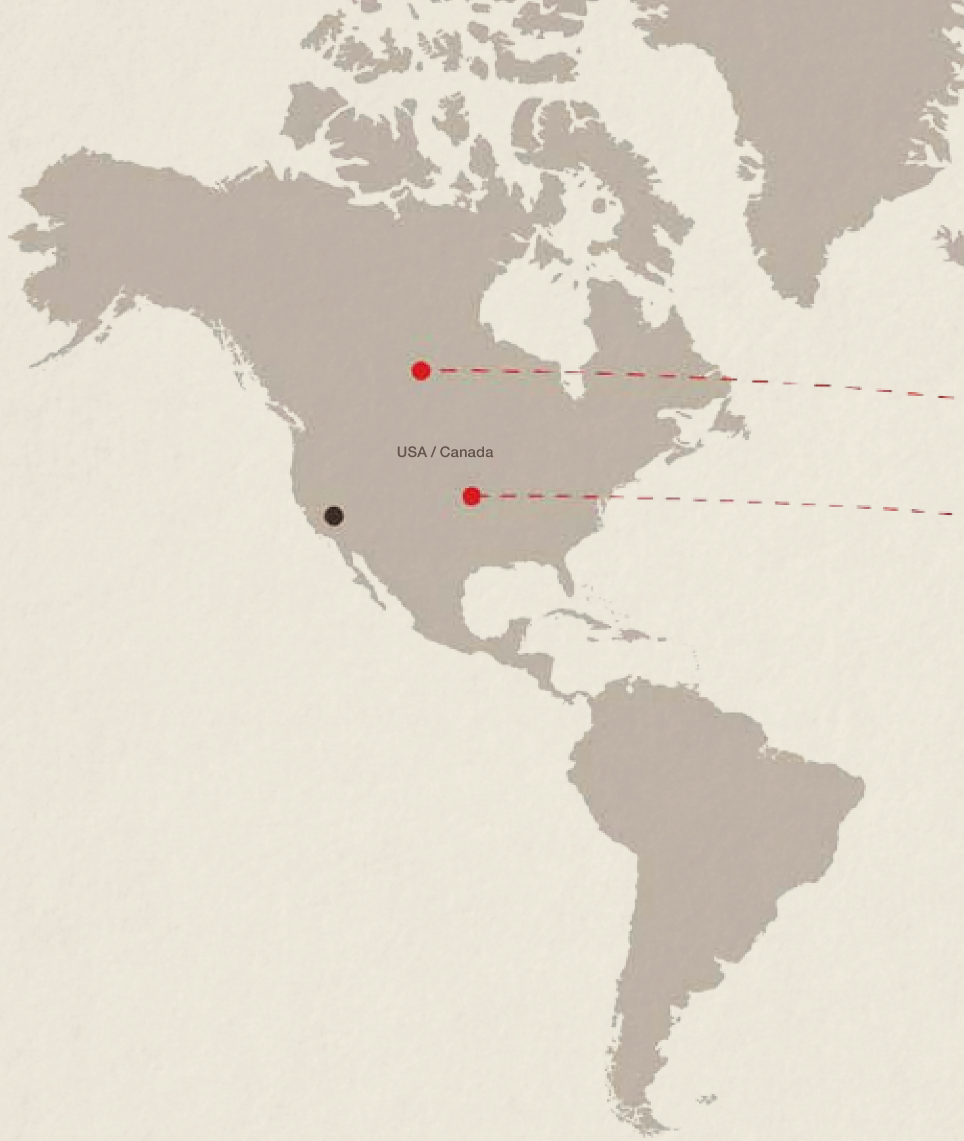
About SunRice

ESTABLISHED AUSTRALIAN MILLING AND MARKETING OPERATION AND A 65-YEAR TRACK RECORD OF DELIVERING VALUE TO LOCAL RICE GROWERS

ESTABLISHED GLOBAL DISTRIBUTION PLATFORM FOR RICE PRODUCTS AND BY-PRODUCTS

A WELL-DIVERSIFIED PORTFOLIO ACROSS OPERATING SEGMENTS BY END-MARKET AND GEOGRAPHY

A STRONG TRACK RECORD OF INNOVATION TO ENHANCE SHAREHOLDER VALUE



With a 65-year heritage SunRice today is an iconic Australian company with global scale and reach.

With operations across Asia-Pacific, the Middle East and North America and revenue of $1.25 billion, SunRice is an Australian icon with global scale and reach.

With a 65-year heritage and relationships with Australian rice growers that span generations, the company is vertically integrated, operating across the entire value chain. This includes state-of-the-art processing, packing and value adding food plants, as well as animal feeds division CopRice, dedicated rice research company RRAPL and a sophisticated local grain storage network in AGS.

Today, SunRice is one of Australia's largest branded food exporters, supplying diverse and nutritious products to approximately 60 countries around the globe. Through our successful food ingredients and foodservice divisions, we contribute to many other globally recognised brands and businesses.

Complementing SunRice's Riverina rice milling and marketing operations is a strong portfolio of subsidiary businesses in Australia and offshore, including Riviana Foods, Trukai Industries, Solrice and SunFoods. In 2014, the assets of Blue Ribbon Rice in North Queensland were also acquired by the SunRice Group.

SunRice's history dates back to the establishment of a single rice mill in the Riverina region of New South Wales. Today our shareholders are existing and former rice growers and employees. SunRice's dual purposes are to optimise paddy price for our grower shareholders and to optimise capital growth and dividends for our investor shareholders. Added to this is a strong commitment to the SunRice Group's 2,100 employees and a passion for the regional and global communities in which we operate.

For more information see: **www.sunrice.com.au**


SunRice Markets
SunRice International Offices / Operations
Middle East
Asia
Pacific
Australia
New Zealand

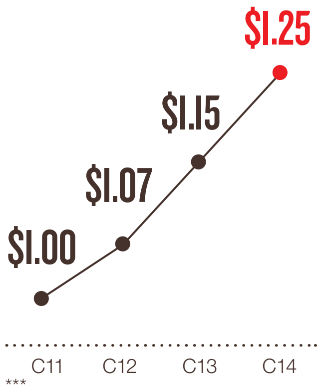
Business Highlights

"In the three years since introducing SunRice's Group Strategy, we've grown top line revenue by 24.6% and net profit after tax by 116.5% and increased payments to growers by 43.5%. It has been a dynamic and exciting period of growth and change, in which we've positioned SunRice and our growers and shareholders for the future." – CEO Rob Gordon.

2011/12 – 2014/15 Business Performance

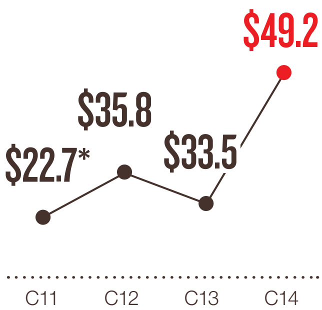
REVENUE
(BILLIONS)

+$0.25B



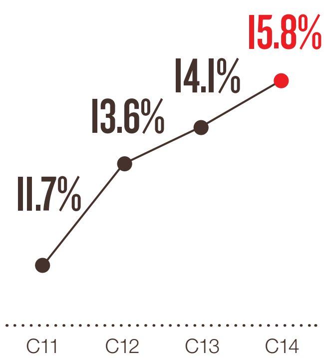
NET PROFIT
(AFTER TAX – MILLIONS)

+116.5%



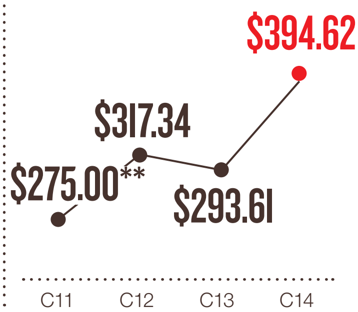
RETURN ON CAPITAL
(RETURN ON CAPITAL EMPLOYED – ROCE%****)

+410 BASIS POINTS

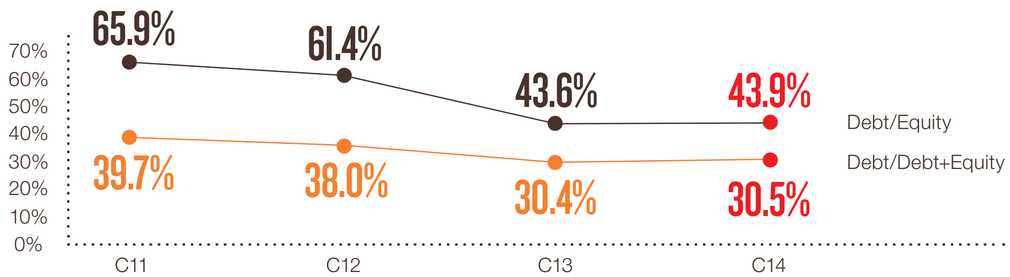


PADDY PRICE
(PRICE AT 30 APRIL)

+43.5%



GEARING % (AT 30 APRIL)



* Includes paddy retention of $16M ($20/t) for the year ended April 2012. Normalised net profit for C11 was $23M.

**Excludes paddy retention of $16m ($20/t) for the year ended April 2012.

*** See page 5 regarding Crop Years vs Financial Years.

**** See definition for ROCE on page 9 of this report.

2013/14 – 2014/15 Business Performance

REVENUE
(BILLIONS)

$1.25 ↑ 8.3%

Up 8.3% on last year and up 24.6% since 2011/12, with a compound annual growth rate of 7.6%.

MARKET SHARE

IMPRESSIVE YEAR-ON-YEAR GROWTH IN PROFIT AND VOLUME ACROSS MOST GLOBAL AND DOMESTIC MARKETS WAS ACHIEVED IN 2014/15, REFLECTING OUR STRATEGIC INVESTMENTS IN BRANDS, PRODUCTS AND PARTNERSHIPS.

NET PROFIT
(AFTER TAX – MILLIONS)

$49.2M ↑ 46.8%

Up 46.8% on last year and up 116.5% since 2011/12.

NET PROFIT
(BEFORE TAX – MILLIONS)

$70.7M ↑ 30.7%

Up 30.7% on last year and up 82.3% since 2011/12.

CAPITAL INVESTMENT
(MILLIONS)

$38.7M

$38.7M invested in capital improvements and business acquisition last year, with more than $85M invested since 2011/12.

RETURN ON CAPITAL
(RETURN ON CAPITAL EMPLOYED – ROCE%****)

15.8% ↑ +170 BASIS POINTS

Up 170 basis points on last year and up 410 basis points since 2011/12.

DIVIDEND PER B CLASS SHARE

31.0 CENTS – FULLY FRANKED (INCLUDES 5.0 CENTS – SPECIAL DIVIDEND)

Total dividend of 31.0 cents up 34.8% on last year and up 72.2% since 2011/12. At 31.0 cents, this represented a dividend payout ratio of 40%.

PADDY POOL PRICE
(PER TONNE)

$394.62 FOR MEDIUM GRAIN (REIZIQ) ↑ 34.4%

Up 34.4% on last year and up 43.5% since 2011/12 for Medium Grain (Reiziq), representing an increase of $120M in the annual grower return.

****ROCE is measured as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.

Chairman's Message

The new capital structure we are seeking grower and shareholder feedback on is an opportunity to entrench grower control into the future, while securing our capital base to build a business that can carry us forward for generations.

Laurie Arthur
Chairman

It was my privilege to be appointed Chairman of SunRice during 2014/15, following more than a decade of outstanding leadership from Gerry Lawson. It has been a year of growth and prosperity and one in which we continued to lay the foundations for change to strengthen the company for the future.

In 2014/15, the SunRice Group achieved impressive revenue and profit growth, made significant investment across our operations, products and people, and had resounding success in driving sales and profit growth across multiple markets. As a result we were able to reward our growers and shareholders accordingly.

SunRice confirmed a final paddy price to growers for Medium Grain (Reiziq) of $394.62 for the C14 crop, up 34.4% on last year and up 44% since 2011/12. Premium prices for Koshihikari and specialty varieties reached $524.62 for C14; a 30% uplift on last year, and a 48.2% increase on the corresponding prices paid in 2011/12. These prices reflect our commitment to Riverina-grown rice and our commercial desire to maximise production locally for the benefit of SunRice, our growers and the regional communities in which we operate.

Our B Class shareholders also received a record fully franked dividend in 2014/15 of 31 cents per B Class Share, which included a special mid-year dividend of 5 cents per Share. The total dividend payment represented a 35% uplift on last year, and a 72% uplift since 2011/12. We are delighted to increase value for our B Class shareholders in this way and recognise their investment in the SunRice business.

It is particularly pleasing to note that our records indicate that approximately 70% of our B Class shareholders are also A Class shareholders, meaning our growers benefit from a strong SunRice on both counts.

Supporting Riverina rice growers

At 690,215 paddy tonnes, the C15 harvest was significantly smaller than the annual 1.15 million tonnes of rice we now have markets secured for. While global rice sourcing continues to be an increasingly important component of our business, we continued to strengthen our support of Riverina growers in 2014/15 to maximise local production. This included independent analysis from Booth Associates that demonstrated that the rice farming system continues to not only be competitive with cotton and other summer crop-based systems, but generates superior profit, return on capital and cashflow and balance sheet advantages for most farm businesses.

Grower Services also launched dedicated farm modelling and one-on-one planning to assist growers to reduce costs and maximise yields. SunRice continued to assist our growers control their cash flow by again offering early access to second, third and fourth payments.

Finally, as 2014/15 ended, the Board endorsed a comprehensive and innovative bank financing package called 'GrowRice' which will give our qualifying growers access to the equivalent of $1,000 per contracted hectare to finance crop inputs such as water, fertiliser and chemicals. This financing will be able to be accessed in advance of planting and throughout the growing season. It features attractive terms, negotiated on our growers' behalf.

Importance of vesting

Critical to our New South Wales (NSW) growers' success is vesting and the support of the NSW Government via the Rice Marketing Board for the State of NSW. SunRice's Sole and Exclusive Export Licence underpinned the strong returns we are able to pay our growers from export sales in 2014/15. This year more than $330 million in paddy payments were confirmed for our Riverina growers, reflecting our return to strength and the tangible benefits we deliver to rural Australia.

Showcasing our strengths

The rice industry's investment in research and development continued to be one of our core strengths in 2014/15. A key achievement was the release of fragrant variety, Topaz, in partnership with the NSW Department of Primary Industries, and Rural Industries Research and Development Corporation. It is well known that Australian rice is in high demand across international markets. With about 80% of our annual Australian crop exported, the release of Topaz will further drive SunRice's growth by unlocking new market opportunities in the lucrative fragrant category.

Our success on the international stage was also recognised at the Premier's NSW Export Awards where SunRice won the Agribusiness category for Export Excellence. These awards are one of Australia's longest running business award programs and SunRice was up against some of the state's most innovative and successful exporters. It is a significant achievement to be honoured in this way.

Navigating challenges

Of course, our year was not without its challenges. Unstable conditions in some of our global markets, limitations with water allocations and fluctuating exchange rates could have impacted our bottom line – but we managed to mitigate this. The collective work of our growers, shareholders, employees and partners has seen us grow to be a resilient company, determined to succeed and excel and able to adapt quickly to do so.

Our people's work in some of the most challenging locations on the planet – navigating the dynamics of remote provinces in Papua New Guinea, the West Bank and the Gaza Strip – is a testament to this.

It is also appropriate that I acknowledge that in 2014/15 the Board, management and all of our staff were deeply saddened by the deaths of Geoffrey Mace and Christopher McCann on SunRice sites. The safety and wellbeing of all people who come onto our sites remains our most important priority and we continue to do all we can to support those affected.

Strengthening SunRice for the future

In March, we shared details of a potential new capital structure designed to equip SunRice and our growers and shareholders for the future. We are no strangers to change at SunRice – in fact it has been the only constant in our 65 year heritage from a fledgling co-operative to a major company and a global exporter. At the same time we have benefited from what is a rare experience; to own and control our destiny as rice growers, and this will not change. The Board has invested the time and resources necessary to develop a potential model that is unique to SunRice and can meet the needs of our company and shareholders.

I firmly believe the potential new capital structure is an opportunity to entrench grower control into the future whilst securing our capital base and building a business that can carry us forward for generations to come. I look forward to continuing dialogue with our growers and shareholders on how we achieve this together, while the SunRice business and our industry enjoys a position of strength.

Sincere thanks

I would like to take this opportunity to acknowledge the work of former Chairman Gerry Lawson. Gerry devoted 40 years to the Australian rice industry, including serving as a SunRice Director for 29 years and as SunRice Chairman for the past 13 years. In 2011 he was appointed a Member of the Order of Australia for his services to the Australian rice industry, including for his leadership role during the drought. His contribution has been significant and he has set a fine example for us all.

I would also like to acknowledge the significant contribution of SunRice External Director Peter Margin, including in his roles as Chairman of Riviana Foods and of the Remuneration Committee. Peter will retire when his term ends in August 2015. I also welcome John Bradford to the SunRice Board as a Grower Director, following his appointment to the RMB Board. His passion for SunRice and the rice industry is shared by all.

My sincere thanks to Deputy Chairman Noel Graham and my fellow Board members for their dedication and support.

Thanks also to CEO Rob Gordon, who led the growth strategy that delivered such outstanding results for the Group; and to the Corporate Management Team and our talented employees, who are the driving force behind our success.

I would also like to acknowledge the Rice Marketing Board for the State of NSW and Chair Robyn Clubb.

To the team at Ricegrowers' Association of Australia Inc., President Les Gordon; current Executive Director Dean Logan; and previous Executive Director Ruth Wade, who represent the interests of our rice growers, thank you for your partnership.

My sincere thanks also to Australian Prime Minister, the Hon. Tony Abbott MP; Australian Minister for Trade and Investment, the Hon. Andrew Robb AO MP; Australian Minister for Foreign Affairs, the Hon. Julie Bishop MP; Australian Minister for Agriculture, the Hon. Barnaby Joyce MP; Federal Member for Farrar, the Hon. Sussan Ley MP; Federal Member for Riverina, the Hon. Michael McCormack MP; NSW Minister for Primary Industries and Minister for Lands and Water, the Hon. Niall Blair MLC; NSW Member for Murrumbidgee and Minister for Education, the Hon. Adrian Piccoli MP; NSW Minister for Roads, Maritime and Freight, the Hon. Duncan Gay MLC; and Victorian Minister for Roads and Road Safety, the Hon. Luke Donnellan MP. Thank you for your support for SunRice in 2014/15 and we look forward to your continued partnership.

Finally, thank you to our 2,200 growers and shareholders. I look forward to working with you all in 2015/16, as we continue to strengthen SunRice for our generation, for the next and for those that will follow.

Laurie Arthur
Chairman

CEO's Message

There is much to look forward to. Few businesses have the opportunity to present a set of three-year results as robust as SunRice's, nor the opportunity to secure the future from a position of such strength.

Rob Gordon
CEO

In 2011/12, we developed a meticulous and ambitious strategy for the growth of the SunRice Group. Pleasingly, three years on we have exceeded our expectations. Group revenue has increased by $0.25 billion or 25% since 2011/12, with a strong compound annual growth rate of 7.6%. Net profit after tax has increased by $27 million or 117% over the same period.

In the three years since 2011/12, SunRice's return on capital employed (ROCE) has increased by 410 basis points, reflecting more than $80 million invested in capital expenditure aligned to plant efficiencies and market opportunities across the SunRice Group.

At the same time, SunRice has optimised value for both grower and investor shareholders. Paddy pool payments for Medium Grain (Reiziq) have increased by 44% over the past three years, representing an additional $120 million paid to our growers and A Class shareholders. Varietal premiums have increased for Koshihikari and other specialty rices to encourage production.

Similarly, the dividend paid per B Class Share has increased by 72% since 2011/12, with the dividend payout ratio for our B Class shareholders reaching 40% this year.

Following three years of strategic investment, SunRice is well advanced in the execution of its growth agenda. We are adding value, innovating and fulfilling our potential as an Australian agricultural icon in a way few companies can lay claim to. With shareholder and grower support, we are also now well positioned for change that enables us to deliver further value in the years ahead.

2014/15 financial results

In 2014/15 the SunRice Group delivered an outstanding set of results.

Consolidated revenue reached $1.25 billion, up 8.3% on the $1.15 billion recorded in 2013/14. Net Profit After Tax for the full year was $49.2 million, up 47% compared to the $33.5 million recorded in 2013/14.

Investment continued in 2014/15, with a further $34 million of expenditure in plant and equipment and a year-on-year increase in ROCE of 170 basis points to 15.8%.

Gearing at year end was 44%, in line with last year.

Navigating dynamic operating environments

2014/15 was a defining year for the SunRice Group. Our results were achieved in dynamic trading environments, in which political instability, currency fluctuations and market access impacted several of SunRice's businesses.

Following the currency-related challenges of 2013/14, a strategic focus on sustainable margins and cost control returned our importing business Riviana Foods to a position of strength.

Challenging operating conditions impacted SunFoods, which in spite of improved profitability finished the year with a small loss.

The risk environment in Papua New Guinea increased during the year, with the release of a draft National Rice Policy and a reduction in the Kina's liquidity after the Papua New Guinean currency was fixed mid-year. While the liquidly constraints impacted Trukai Industries, the company was able to mitigate this risk without impacting Group profits. We continue to monitor sovereign risk in this market closely.

The remaining SunRice Group businesses continued to perform strongly, with impressive year-on-year growth in profit and volume achieved across most global and domestic markets in 2014/15, in particular, SunRice's value added segment, which includes global sourcing.

Driving global demand for Australian rice

Over the past 12 months, SunRice continued to deliberately transition from bulk to branded sales in key global markets. This has been a central

element in our strategy to grow branded markets off-shore and create demand for a crop larger than we can consistently supply from our Australian base.

The capacity to supplement local production with global sourcing is key to ensuring we are able to sell Riverina rice into premium global markets first and deliver price benefits to our growers. Increasing global demand for SunRice products also gives us the future ability to place a larger Riverina crop, optimising grower returns.

In 2014/15, this shift continued from production-led to market-driven sales underpinned by our investment in consumer-insights research, business capability and the establishment of Centres of Excellence in new product development and marketing. The implementation of our Pan-Arab Growth Strategy and the re-launch of the Sunwhite brand demonstrated the success of this approach, with a year-on-year uplift of 41% in revenue achieved in the Middle East during 2014/15.

Additionally, SunRice was able to launch Australian-branded Kangaroo rice to Korea for the first time in the company's 65-year history and continued to grow demand for short grain sushi rice in new markets, including Russia and Thailand. This was achieved despite rice being excluded from the Free Trade Agreements negotiated with Japan, Korea and China in 2014/15.

Strong domestic retail partnerships

In 2014/15 we continued to build on our expertise in branding and product development to forge successful partnerships in Australia with all major retailers. Following the repositioning and expansion of SunRice's everyday, health and wellbeing, and gourmet rice ranges 24 months ago, a further 13 products were launched in 2014/15. Significantly, our approach to new product development and ranging has underpinned profit growth for both SunRice and our retail partners and is now being applied across the Group.

Strategic investment in North Queensland

In addition to our investment in plant and equipment, SunRice acquired the rice milling assets of the Blue Ribbon Rice Group in the Burdekin region of North Queensland in 2014/15.

This strategic investment will complement our existing supply of rice from the Riverina region, with a particular focus on specialty rice. As a result, substantial research and development and grower extension expertise is being provided to North Queensland growers to support what is, at this stage, still a fledgling industry. Over time this acquisition is expected to help strengthen our ability to successfully target premium, niche export markets and enable us to further diversify and increase the resilience of the SunRice Group's earnings.

Safety of our people

Despite these results, in 2014/15 the SunRice Group was greatly affected by the tragic fatalities of Geoffrey Mace and Christopher McCann, which occurred at our Deniliquin and Tongala facilities. Workplace health and safety is a key priority for the SunRice Group, with substantial investment over the past three years in safety systems, training and equipment.

The people we lost were known to many of our staff and in the wider community. It has been a difficult year for many and we continue to do all we can to provide support to our employees and others affected.

Recognition and thanks

The business's performance over the past 12 months is the culmination of years of investment, commitment and vision from many sources, including our Board, management and staff, and of course our growers and shareholders.

I would very much like to thank my management team and all our staff for their contribution to the outstanding performance achieved not only in 2014/15, but over the past three years.

I would also like to thank the SunRice Board for their ongoing support throughout 2014/15. In particular, Laurie Arthur who we welcomed as the new Chairman of SunRice in December 2014 following the retirement of Gerry Lawson, who gave 29 years of service as a SunRice Director.

I look forward to working with the Board, our team and our growers and shareholders in 2015/16 as we continue to reap the rewards of our investment and focus on our strategic goals. These goals, as outlined in the front of this report, include maximising grower returns over the long term by optimising market, channel and varietal mix; and growing shareholder value and increasing the resilience of our earnings by pursuing diversified and stable growth.

The opportunity for SunRice

From our current position of strength and with the platform set for accelerated growth, the SunRice Group and our growers and shareholders are in an enviable position.

The potential new capital structure for SunRice currently being considered by shareholders is a powerful opportunity to secure the future of our business to benefit all growers and shareholders, without the loss of grower control.

There is much to look forward to. Few businesses have the opportunity to present a set of three-year results as robust as SunRice's, nor the opportunity to secure the future from a position of such strength. I thank all shareholders for your ongoing partnership and look forward to what we can achieve together in the year ahead.

Rob Gordon
CEO

SunRice Around the World

The consumer insights-driven investment in SunRice brands, products and packaging over the past 18 months, coupled with new sales and distribution initiatives, delivered impressive year-on-year growth in profit and volume across most markets in 2014/15.

Brand extension in Australia and New Zealand

SunRice's consumer markets team delivered a strong set of results for 2014/15 in a dynamic environment that included ongoing pressure from private label and aggressive discounting. Innovation, including a new category entry, helped exceed sales targets across key domestic consumer categories.

In total, 13 new products were launched in 2014/15. In line with the investment made in consumer research and strengthening retail relationships, new 100% Wholegrain SunRice Brown Rice Chips were ranged Australia-wide, opening up a new segment for SunRice in the health food aisle of major retailers.

New packaging and positioning initiatives in the microwave rice category delivered volume growth of more than 20% year-on-year, and growth in the snacking business continued on the back of a successful national rollout of Mini Rice Cakes following their introduction in 2013/14. Market share growth was also achieved in SunRice's core rice categories, building on the momentum of the revitalised product range released in 2013/14 and continued investment in marketing support. As the year ended, Riverina-bred rice variety Topaz was due for release across Australia and in off-shore specialty markets, and a new range of hot Street Snacks was added to the company's ready meals portfolio.

All consumer products continued to be supported by brand investment in 2014/15, with the established 'Hundreds of Grains, Millions of Possibilities' campaign continuing to increase brand awareness and equity. This was complemented by an increased focus on digital platforms and in-store marketing to provide meal preparation solutions for consumers.

Innovation in the Middle East

The SunRice Group's Middle East business performed strongly in 2014/15, delivering a year-on-year increase in top line revenue of 41%, and volume, sales and profit growth across all geographic segments.

Key to these results was the implementation of the first year of SunRice's Pan-Arab growth strategy. This included the repositioning of the Sunwhite brand; the introduction of Jasmine and Basmati rice under Sunwhite; and the launch of an 'Every Meal is a Journey' Pan-Arab multimedia advertising campaign that reached over 10 million consumers. Relationships with new distributors in Saudi Arabia also delivered excellent results and facilitated the extension of Sunwhite into additional channels.

WHOLEGRAIN BROWN RICE CHIPS
AUSTRALIA / NEW ZEALAND

SINGLE SERVE MICROWAVE CUPS
AUSTRALIA / NEW ZEALAND

STREET SNACKS
AUSTRALIA / NEW ZEALAND

Strong gains in Asia

Despite challenging pricing dynamics in several markets, strong volumes and profits were achieved for branded sales to Asia in 2014/15 as the first phase of SunRice's Pan-Asia business strategy was executed. Focus on the rapidly growing sushi market doubled sales of short grain rice into Hong Kong, and improved distribution management in key retail markets resulted in double digit growth of Kangaroo branded sales across Hong Kong and Singapore.

Following the first shipment of short grain brown rice to Korea in 2013/14, sales to Korea grew by 27% in 2014/15 with SunRice participating in Korean Government Global Origin tenders and fulfilling Australia's country specific quota. In 2014/15 SunRice also launched Australian-branded milled rice in Korea for the first time in the company's 65-year history. This was made possible by equipment upgrades in the Riverina to meet Korean Government requirements that milled rice be sold in paper packaging.

Access to Korea was as a result of the Uruguay Round of multi-lateral trade negotiations, which concluded more than 20 years ago. SunRice was disappointed that Australian rice was excluded from the bilateral Free Trade Agreements signed with Korea, Japan and China in 2014/15, particularly given rice from each of these countries enjoys tariff free access to the Australian domestic market, with no restrictions on import volumes.

SunRice's remaining Asian tender markets, Japan and Taiwan, were also challenging, due to a combination of over-supply and pricing dynamics. However, gains were made in Japan through participation in Government Minimum Access rice purchases. This enabled SunRice to redirect excess volume away from poorly performing markets, mitigating the difficult global trading conditions.

Pacific performance

SunRice's Island Sun brand continued to perform well across the Pacific in 2014/15, following the packaging upgrade completed in 2013/14. Market entry into Guam combined with existing distributor relationships were leveraged to deliver a 9% year-on-year increase in sales volumes.

Natural disaster and the weakened Solomon Island Dollar offset SunRice subsidiary Solrice's strong revenue performance in 2014/15. However gains continued to be made in sales and marketing, following the appointment of a new General Manager.

Capturing new opportunities

The global decline in cereal consumption underpinned SunRice's focus on value-added initiatives for the food ingredients portfolio in 2014/15. Several significant contracts were secured with major food manufacturers on and off-shore as a result of collaboration on product development across rice bran, flour, wholegrain flour and stabiliser by-products.

Investment in sushi variety Koshihikari across foodservice markets also continued to deliver returns in 2014/15, aided by a packaging redesign and an increase in distributors catering to the North Asia market. Sales of sushi rice were also made to customers in the Middle East, Hong Kong, Singapore, the European Union and Russia.

SUNWHITE MEDIUM GRAIN
MIDDLE EAST

KANGAROO
KOREA

SUNWHITE FOOD SERVICE
AUSTRALIA / NEW ZEALAND

The implementation of SunRice's Pan-Arab Growth Strategy, supported by the re-launch of the Sunwhite brand and strong distributor relationships, delivered year-on-year revenue growth of 41% in the Middle East during 2014/15.

An international staple

Today, SunRice is one of the largest rice food companies in the world and is proud to provide nutritious food to 20 million people in approximately 60 countries, every day of the year.


Calrose Rice

Our Operations

Investment continued in 2014/15, with a further $34.4 million in expenditure in plant and equipment and a year-on-year increase in ROCE* of 170 basis points from 14.1% to 15.8%.

Building operational capacity

With the installation of the pick and place robots, the Leeton Packing Plant has increased its capacity to 25 kilogram retail packs and increased overall throughput.

Right Leeton Packing Plant's new pick and place robots.

*ROCE = Return on Capital Employed, as defined on page 9 of this report.


YASKAWA
CHEP

2014/15 was a dynamic year for SunRice Operations, in which the new Brandon Rice Mill was integrated into the SunRice Group and NSW operations accommodated ongoing capital improvements and changing business needs.

Above Chris Milne, Labourer, Brandon Mill.
Right Jason Moore, Production Manager, Brandon Mill.
Far Right Sarah Hunt, Rice Cakes Operator, Leeton Rice Cakes Plant.

Investment-led efficiencies

In 2014/15, the outcomes of SunRice's focus on continuous improvement and capital expenditure were delivered across a range of production sites. In total, $34 million was invested across Australian operations during the year, in addition to the $47 million invested since 2011/12.

In Leeton, both the rice cakes and packaging plants delivered substantial throughput and efficiency gains following equipment upgrades and process improvements. Better crop conditions meant a return to more normal mill rates, which were very strong following the upgrades made to Leeton milling equipment the year prior.

SunRice's new steamed rice retort production facility was also commissioned in Leeton in 2014/15, shifting the site from a pilot plant to a full scale automated operation. This $9 million investment has allowed the company to repatriate 4,000 tonnes of steamed rice production to the Riverina from Thailand, securing 20 new jobs and improving site based cost structures.

Investment was also made to deliver a step change in the way technology is used to forecast, plan, execute and monitor wider supply chain processes across the Group. Under this project, real time automated production recording was implemented at Deniliquin Mill, with Leeton Mill and Specialty Rice Foods sites scheduled for the first quarter of 2015/16.

Additional capital investment will be made at Deniliquin Mill in 2015/16, following the approval of a three-year investment plan to improve quality and yield to drive efficiencies for export markets.

A flexible, dynamic workforce

In line with the smaller crop harvested in 2014/15 and changing business needs, operations across several sites were reconfigured. This included reduced shift patterns at Deniliquin Rice Mill and the placement of Coleambally Rice Mill into care and maintenance in the second half of the year. All affected permanent staff were able to be reassigned to other roles and they demonstrated great care and professionalism in the execution of these changes.

At the same time, SunRice integrated the Brandon Rice Mill and its operations team into the Group following the acquisition of Blue Ribbon's Queensland rice milling assets during the year. Staff from across the Operations group spent extended time in Brandon Mill in

2014/15, leveraging SunRice expertise, systems and capability to support the future expansion of the Queensland rice industry.

2014/15 also saw the appointment of Simone Anderson to the role of General Manager, Operations and the creation of dedicated Group Safety and Group Quality positions in line with the company's continued growth.

Driving quality outcomes

A number of quality initiatives were launched in 2014/15 to improve outcomes across storage, milling, transport and handling, as well as packaging specifications.

A cross functional team comprising Marketing, Operations, Quality and Engineering staff launched a rice milling process review to target yield and quality improvements, with a specific focus on future rice varieties. Cross-functional teams were also formed to establish specifications for new Jasmine rice variety Topaz; to improve sushi specifications with taste profiles and market requirements by country; and to oversee upgrades to SunRice's Customer Relationship Management process.

Leeton Mill and Specialty Rice Food Group, along with subsidiaries Trukai, Aqaba Processing Company (APC) and SunFoods, each maintained their outstanding Third Party Audit scores during SunRice's 2014/15 American Institute of Baking (AIB) Inspection Audits. All relevant quality specifications were also met by all other sites in the SunRice Group.

Safety for sites and staff

SunRice faced significant challenges in its safety agenda during 2014/15. The tragic loss of two of our people at the group's Deniliquin and Tongala sites affected all staff and the wider community, with extensive support and counselling services provided. The safety and welfare of all employees, contractors and visitors to SunRice sites and offices is the number one priority across the Group, with the company firmly committed to achieving its goal of Zero Harm.

Despite these difficult circumstances, ongoing work on SunRice's Safety Management System meant all sites maintained relevant Occupational Health and Safety Management System Certification. New programs were also implemented to engage operators in our milling sites and to improve how SunRice supports employees in returning to work more effectively.

All Australian operations implemented a new Lock-Out/Tag-Out Procedure in 2014/15. More than 440 staff attended related training and were issued with personalised locks that disable equipment in the event of an emergency or line failure. CopRice also became the first business unit to introduce a Person Down/Duress alarm system to monitor workers in remote or isolated locations, with implementation across the remainder of Operations anticipated in 2015/16. Additional capital improvements were made in both Trukai and Solrice's plants during 2014/15 to improve layout and reduce potential hazards.

To further support leadership and employee engagement, a team of champions from all SunRice domestic businesses worked together to select a best practice Behavioral Based Safety program before year end. This program will be implemented across Australian operations in the year ahead.

Our Growers

In 2014/15, more than 1,500 growers chose rice in the Riverina. We were proud to support them and to confirm more than $330 million in paddy payments.

World leaders in quality, sustainability and efficiency

Australia has the highest production yields for medium grain rice in the world, averaging 10.3 paddy tonnes per hectare compared to an international average of 5.4 tonnes. Our growers achieve these yields while using 50% less water than other rice-producing countries.

Benerembah rice grower Greg Bonetti inspects this year's crop with his young son Cameron.

Despite increased input costs and competition, independent research demonstrated the superior returns available for rice compared to other summer cereal crops in 2014/15.

Above Brandon rice grower Laurence Pavone and Rice Research Australia Pty Ltd's (RRAPL) Operations and Technical Services Manager, Antony Vagg.

Right 2014/15 harvest.

Far Right Harvest in the Murrumbidgee Irrigation Area.

With increased competition for water in the Murrumbidgee and Murray Valleys and low allocations in 2014/15, SunRice focused on education, partnership and delivering early price signals to maximise the C15 planting. At the completion of harvest, more than 690,000 tonnes of paddy had been stripped from Riverina fields, including 30,000 tonnes of new variety Topaz destined for domestic and export markets.

Managing low water allocations

2014/15 was challenging for growers, with low allocations in both valleys at the start of the new water year. With growers constrained by high temporary water pricing and with a desired crop size of 950,000 tonnes, SunRice released early pricing signals at the 2013/14 Rice Field Day. As a result, many growers chose to carry over the maximum amount of water available in order to make rice their principal summer crop. At the time of planting, allocations had yet to build beyond 37% in the Murrumbidgee and 34% in the Murray, with only marginal improvements by the close of the planting window.

Demonstrating rice's returns

Competition from other summer crops, particularly in the Murrumbidgee Valley, continued to build in 2014/15. Given the increased input prices and competition for water, SunRice commissioned independent analysis to compare the profitability of a typical rice farming system with a cotton system. Completed by Booth Associates, the research demonstrated that in terms of profitability, return on capital and cashflow, rice delivered superior results for most farm businesses. In addition to sharing this data with growers, Grower Services made its technical team available to customise the analysis for individual growers and farming systems, as well as to offer advice on reducing costs and increasing yields.

Incentivising premium varieties

In 2014/15, focus was again placed on specialty varieties in line with SunRice's market demand profile. In addition to securing medium grain Reiziq and Sherpa tonnages, pre-season meetings focused on the attractive premiums available for short grain 'sushi' varieties Opus and Koshihikari, long grain varieties Langi and Doongara, as well as jasmine fragrant varieties Kyeema and Topaz. 2014/15 was the first year of commercial production of new variety Topaz, with all available seed taken up and planted.

Despite the anticipated smaller crop, growers responded well to SunRice's market plan and produced as much as possible of the premium specialty varieties. In total 67,862 hectares of rice was planted across both valleys.

Changeable growing conditions

Warm conditions from mid-September until the end of December provided ideal growing conditions, which allowed the 2014/15 crop to establish well. However conditions changed in January and two weeks of colder than normal weather impacted many crops at the cold sensitive pollen formation stage of development. Affected crops showed wide yield variability within paddocks but fortunately, average yield was still reasonable in most cases.

Harvest 2014/15

The 2014/15 harvest commenced in mid-March and proceeded smoothly. Good weather aided growers, who delivered 690,215 tonnes of good quality paddy to 16 Australian Grain Storage (AGS) depots across the growing regions. At the end of harvest, the average yield was 10.2 tonnes per hectare (all regions, all varieties), with Reiziq and Sherpa yielding well above that at 10.8 and 10.6 tonnes per hectare respectively.

Research and development gains

Rice Research Australia Pty Ltd (RRAPL) continued to build on its expertise and success, contributing strongly to the industry's overall rice research and development program, including breeding and grain quality work. Four replicated district variety trials were undertaken, in addition to ongoing development work to improve rice water use efficiency via shorter maturity varieties with good quality and agronomic characteristics. RRAPL's investment in the development of Topaz was also recognised at concurrent launches of the new grain at NSW Parliament House and the 2014 RGA Annual Conference in Swan Hill. Best management practices, technology and market intelligence were also highlights of the 2014/15 Rice Field Day attended by close to 400 people at Old Coree.

Technology updates

An update of SunRice's harvest app in 2014/15 provided growers access to real time data on the number of trucks in queue at receival depots, allowing them to make more informed decisions about deliveries. An enhanced grower website portal was also launched in 2014/15, which allowed growers to access data and complete a range of business transactions online, increasing efficiency.

Our Subsidiaries

Investment in products and brands elevated the performance of many of our subsidiary businesses in 2014/15.

Subsidiary products

SunRice is a significant player in the domestic and global food market, with a strong portfolio of complementary and subsidiary businesses both in Australia and around the world.


Medium Grain
trukai
VITAMIN ENRICHED
trukai
Medium Grain Rice
1 kg
100% WHOLE GRAIN RICE
Brown Rice
EXTRA LONG GRAIN
HINODE
SINCE 1934
NET WT 28 OZ (1.75 LB) 794 g
Rice is Naturally Gluten Free
Sundried Tomatoes

Trukai Industries

Revitalised branding, improved distributor relationships and currency management delivered a solid financial performance for Trukai Industries in 2014/15.

Following the rapid growth of Trukai's market share in 2013/14, the company achieved a further 3% increase in sales volumes in 2014/15. Led by CEO Greg Worthington-Eyre, key drivers included updated product positioning and brand investment, coupled with supply chain improvements.

Liquidity constraints with the Kina required active management in the second half after the Papua New Guinean currency was fixed mid-year. In addition, the Papua New Guinea Government announced its intention to develop a National Rice Policy, which seeks to align local investment with the right to import rice. As the only rice processor in Papua New Guinea and given the company's substantial investment in the country, Trukai is well positioned. However we continue to closely monitor this development, the Kina's liquidity and general sovereign risk. At year end, the company had delivered a solid set of results, including a 12% year-on-year increase in revenue and a corresponding 11% increase in Net Profit Before Tax.

Revitalising Trukai

In 2014/15 Trukai built on consumer insights work to relaunch the Trukai rice brand in Papua New Guinea with fresh, modern packaging. The company also repositioned its core advertising campaign for the first time in 30 years, embracing versatility and family as key themes. Despite ongoing competition from imported rice, the Trukai brand grew 12% year-on-year in key markets, maintaining market share in the premium sector.

An expanding product portfolio

Trukai leveraged its relationships across the SunRice Group to obtain valuable insights and develop new product offerings in 2014/15. With the support of CopRice, Trukai extended its presence in the animal feed market, launching branded pig feed. At year end, Trukai was also finalising launch plans for a range of new products for 2015/16.

Seamless supply chain

2014/15 marked the integration of logistics, supply chain and manufacturing under a single structure at Trukai, creating a seamless end-to-end supply chain. Coupled with $2 million invested in capital improvements, the company achieved associated cost reductions in logistics, improved manufacturing efficiencies and inventory management, as well as distribution gains.

Supporting PNG's rice industry

Following the success of the pure seed rice plantation established in the Markham Valley, Trukai invested in a further two pilot sites in West New Britain and Central Provinces in 2014/15. As a result, Trukai grew the single largest crop of rice in Papua New Guinea last year, with local landholders and Government agronomists benefiting from the research and development. Survey work also commenced on further sites, given Trukai's plans to establish up to 6,000 hectares of rice for commercial production starting from 2016/17 in line with the Government's aims to improve local food security.

Connection to community

Trukai's commitment to developing a sustainable local rice industry was complemented by its support of the Village Resource Centre program. The Naewab District and Morobe Government-sponsored program teaches farmers how to grow a variety of fruit and vegetables and, with Trukai's support, rice growing was added to the curriculum. In 2014/15 support was also provided to the rice growing elements of the PNG University of Technology's Village Sustainability Development and Training Program, as well as the Trukai Fun Run and a variety of other causes aligned with healthy living under the company's new "TruCare" corporate social responsibility framework.

Riviana Foods

A strategic focus on sustainable margins and cost control delivered a turnaround in profit performance for Riviana Foods in 2014/15 following the currency-related challenges of 2013/14.

Following the reduced profit posted in 2013/14 primarily as a result of the sudden devaluation of the Australian dollar, Riviana Foods executed a suite of changes in 2014/15 focused on pricing and portfolio management, as well as its sales, operations and supply chain functions.

At year end, the company's new focus had delivered a strong result, with a year-on-year uplift in Net Profit Before Tax and a final result consistent with those delivered in the years prior to 2013/14. This was achieved despite a small decrease in revenue of 3.7% and almost $4 million in impairments and restructuring costs, further demonstrating Riviana's return to a position of strength.

Strategic review

Under the leadership of incoming CEO Stephen Forde, Riviana continued to implement the strategy set in 2013/14 to reshape the company.

The business shifted its focus from top line sales growth toward sustainable margins and cost control. Key initiatives included the deletion of underperforming products and improved sales and operations planning. Reduced overheads and operating efficiencies were also delivered following the restructure of Riviana's retail sales function and changes in freight and warehousing practices. As a result, Riviana's cash flow improved by $17 million in 2014/15, enabling a 50% reduction in net debt.

Riviana also benefited from closer relationships across the SunRice Group in 2014/15, with the company adopting new payroll, intranet and people and performance systems and transitioning to shared information technology infrastructure.

Entrepreneurial spirit

In 2014/15 the newly established leadership team implemented a cultural program designed to build on Riviana's entrepreneurial spirt, increase the commercial and financial acumen of employees, and empower decision making across the company. Cross functional planning in new product development and channel management also commenced, with a specific focus on making better and more transparent decisions.

Portfolio management

Riviana's strategic shift extended to product development and portfolio management in 2014/15. As a result, the company introduced fewer new product lines this past year, but with greater commercial success. These included an authentic Mediterranean Deli antipasto range sourced from Italy and Greece, as well as the new Pettini cracker range. Investment in a robust new product development process, underpinned by financial rigour and consumer insights, significantly improved launch contributions in 2014/15 and created a strong pipeline of initiatives.

In line with its strategic approach to portfolio management, Riviana undertook a deliberate program of product rationalisation and following cost pressure related to the devaluation of the Australian dollar, introduced price increases on some lines. While these actions contributed to a softening in overall sales, the stronger relationships developed with retailers in 2013/14 enabled Riviana to hold market share and ranging in key categories and deliver increased profits.

SunFoods

SunFoods built momentum to secure sales and business improvements across the U.S. mainland in 2014/15, but was impacted by ongoing operational challenges.

SunFoods continued to navigate difficult conditions in 2014/15 as California entered its fourth year of drought and export shipments were affected by the strong U.S. Dollar and International Longshoremen and Warehouse contract dispute.

Led by CEO Matt Alonso, the company focused on organic sales growth following the repositioning of Hinode packaging and products in 2013/14 and reconfigured its operations to capitalise on toll milling opportunities for other processors affected by seasonal manufacturing and production constraints. This followed a sustained period of change in which the company has had to rebuild itself following the recovery of Australian production post drought.

Despite delivering year-on-year revenue and net profit improvements, these ongoing challenges combined with a higher final crop payment for the prior year resulted in SunFoods operating at a small loss in 2014/15.

Investment-driven sales growth

The brand investment made in Hinode in 2013/14 delivered impressive sales results in 2014/15. Revitalised packaging and positioning delivered a 29% year-on-year increase in sales volumes in the U.S. mainland, including an impressive 54% increase in unit sales for Hinode's five pound medium grain brown rice product.

SunFoods' military, distributor and food service channels also delivered growth. In particular, the investment made in the company's Asian food service business 18 months ago delivered a substantial uplift in year-on-year sales. Similarly, the addition of Australian branded rice in SunFoods' Hawaiian market has complemented the company's product portfolio.

Flexibility in a dynamic environment

The ongoing drought delivered a 20% smaller Californian crop in 2014/15. While SunFoods was able to secure its paddy rice requirements for the year, input costs were high, affecting export business.

The International Longshoremen and Warehouse Union contract dispute disrupted containerised bulk exports for SunFoods and its competitors, limiting the company's ability to compete efficiently in containerised tender markets. As a result the company made the strategic decision to secure toll milling volumes and forego the price risk associated with a high business mix in the break bulk markets. Toll milling resulted in the mitigation of lost export sales and increased cost recovery within SunFoods' manufacturing plant.

Operational excellence

Following investment in behavioural based safety programs and capital expenditure in plant improvements, in 2014/15 SunFoods delivered its second consecutive 12 months of zero lost time and zero medically treated injuries. The company also earned an ISO 18001 certification, reflecting SunFoods' commitment to its occupational health and safety program.

CopRice

Capital investment and product development underpinned the fourth consecutive year of revenue growth for CopRice in 2014/15, however challenging conditions impacted profit performance.

CopRice finished 2014/15 strongly after a difficult first half, in which dairy-related sales were impacted by good pasture conditions and operational constraints.

While strong specialty sales and the introduction of new products in CopRice's bulk range delivered an overall 6% year-on-year increase in revenue, they were not able to offset unforeseen costs associated with the first half of 2014/15. As a result, at year end, CopRice's Net Profit Before Tax was down 24% on last year.

Investment-driven growth in specialty

The $8.3 million investment made to expand the capability and capacity of CopRice's Leeton operations enabled the business to pursue new markets across Australia and New Zealand in 2014/15. As a result, speciality sales volumes increased by 6% year-on-year, with a standout sales performance in CopRice specialty dog food driving a 15% uplift in revenue in the category.

This was supported by the introduction of the new "Drover" range for working dogs, complementing CopRice's natural dog and puppy food lines.

Consistent growth was also achieved across poultry, cat and horse food.

Stable bulk sales despite challenges

Good pasture conditions across NSW and Victoria impacted bulk sales in CopRice's dairy segment in the first half of 2014/15, however sales rallied in the second half of the year.

New product development undertaken in 2013/14 led to the launch of the company's Sheep Optimiser range, which was well received by the market. CopRice also began exporting bulk pig feed to Trukai Industries, allowing it to expand its product offering into animal feed in Papua New Guinea.

In line with the market conditions, overall bulk sales volumes were down 5% on last year, however revenue was up by 4% reflecting the strength of the CopRice brand and customer relationships.

Supporting our customers

CopRice continued to support customers and clients through a variety of sponsorships in 2014/15, including the Dog Lovers Expo and Equitana in Australia, the Horse of the Year Expo in New Zealand and a range of regional events. The business's focus on field staff providing technical nutritional support on farm also continued to receive good uptake from customers during the year.

Synergies with the SunRice Group

CopRice benefited from closer working relationships forged across the SunRice Group. Senior managers from CopRice worked collaboratively with their peers at SunRice, Riviana and Trukai to add value across new product development, customer relationship management and sales related planning and processes.

Our Community and Environment

In 2014/15, SunRice proudly supported many not-for-profit organisations and important community initiatives throughout the many global markets in which we operate.

Supporting international communities

In 2014/15, Solrice supported not-for-profit READSI (Resources for Education to Advance Development in Solomon Islands). With local literacy rates lower than 20%, READSI aims to build and stock libraries across the Solomon Islands.

Joyce Boykin, the Head of Resources for Education to Advance Development in Solomon Islands (READSI) and Nick Ellis, General Manager Solrice with children from the King George VI School.


Chronicle of the Second World War

The launch of the inaugural Jan Cathcart Scholarship, Trukai's new corporate social responsibility framework and above industry average recycling performance were highlights of the SunRice Group's community and environmental programs in 2014/15.

Above Inaugural Jan Cathcart Scholarship winners Zoe Reynoldson and Samantha Glenn.

Right Trukai staff inspect a rice crop at Erap Farm in the Morobe Province.

The SunRice Group continued to contribute to a range of initiatives in 2014/15, all of which were aligned to organisational values and the communities and countries connected to SunRice brands. In addition, SunRice sites moved beyond environmental compliance to lead new sustainability and research projects designed to benefit both the company and natural environment.

Jan Cathcart recognised via scholarship fund

Following the loss of long-term SunRice employee Jan Cathcart in 2014/15, SunRice established a 10-year $300,000 award fund to support the tertiary study of women with a connection to the rice industry. The inaugural intake of the memorial scholarship attracted 27 applications. Samantha Glenn of Moulamein was the recipient of the overall 2015 Jan Cathcart Scholarship valued at $30,000 over three years, and Zoe Reynoldson of Berrigan was awarded a second scholarship valued at $15,000 for the same term. Both young women were raised on rice farms and have commenced their studies at the University of Melbourne.

SunRice, its growers and subsidiaries provide local and global aid

SunRice and its subsidiary companies continued to contribute to global aid efforts in 2014/15. Cyclone Pam caused widespread damage to Vanuatu and its surrounding islands during the year, leaving homes destroyed and many people displaced. As a result, SunRice donated five containers of rice valued at $70,000 to the Vanuatu Red Cross Society to assist in the relief efforts. Solrice also contributed aid this year, donating two containers of Solrais to the Solomon Islands National Disaster Council after devastating floods affected Honiara.

SunFoods, SunRice and Riverina growers built on the momentum of previous years' support of local foodbanks. SunFoods supported the Portland Bank and the Aloha Harvest Food Bank in Hawaii, amongst other not for profits. SunRice and its growers donated 100 tonnes of rice product to Foodbank Australia in 2014/15. Riviana Foods also chose Victorian Foodbank as its key charity partner during the year, following near unanimous employee support. A range of support programs specific to Riviana will be developed with Foodbank for launch in 2015/16.

Launch of TruCare

After 40 years of supporting local sport, health and wellbeing causes, in 2014/15 Trukai launched a new corporate social responsibility framework called TruCare. With an annual commitment of approximately $3.5 million (Kina 7.5 million) in community support, TruCare will focus sponsorship on causes aligned with “healthy eating and healthy living”. This will include the company’s annual commitment to the Trukai Fun Run, which attracted more than 45,000 participants across Papua New Guinea in 2014/15.

The TruCare framework also guided Trukai’s investment in village agricultural and life skills training in 2014/15. Similar initiatives were supported in the Solomon Islands by Solrice, including the sponsorship of village reading programs for children.

Connection with community

Individual sites and business units continued to support local community activities. In addition to those sponsorships shared in the subsidiary sections of this report, in 2014/15 SunRice’s Leeton and Deniliquin Mills opened their doors, inviting growers and shareholders to tour the mills for the first time in many years. The events, combined with the company’s Capital Structure Review presentations, attracted approximately 400 mill visitors and plans are in place to conduct further tours in the future. Other community initiatives included ongoing regional sponsorships; employee participation in volunteer activities such as the Rural Fire Service, Leeton Fire Brigade and Leeton Rescue Squad; and employee-led fundraising for CanAssist and other charities.

Above average recycling rates

SunRice continued to make good gains in paper and cardboard recycling and reuse initiatives in 2014/15. A signatory to the National Packaging Covenant for 12 years, the majority of Australian sites have achieved a marked reduction in the volume of packaging materials sent to landfill. Recycling and reuse has also been introduced in overseas business units, within the limitations of each country’s recycling infrastructure.
In 2014/15, the Group achieved an overall recycling and reuse score of 3.3, compared to an industry average of 2.7.

Supporting environmental outcomes through research

In 2014/15, SunRice joined the Australian Research Council (ARC)’s Food and Beverage Supply Chain Optimisation project. Delivered under the ARC’s Industrial Transformation Training Centre, the project is focused on delivering outcomes for the Australian rice industry in converting waste to energy.
In addition, SunRice’s research and development company RRAPL committed funding to investigate alternate uses for rice stubble through the Nuffield Scholar program.

Consistent environmental focus

In addition to the environmental projects launched in 2014/15, environmental compliance continued to be the main focus for SunRice’s business units, with excellent results across all relevant licenses and legislative requirements.

Our People and Performance

Strategic appointments and a focus on collaborative partnerships across our subsidiary and complementary businesses underpinned the Group's strong performance in 2014/15.

The driving force behind SunRice's success.

We employ 2,100 dynamic and passionate employees across our nine businesses. These employees are responsible for the success of close to 30 brands across Australia, Papua New Guinea, USA, the Middle East, Japan and the Solomon Islands.

Deniliquin Mill Maintenance Supervisor, Richard Ford.


SunRice

2014/15 marked the third year of implementation of SunRice's People and Performance strategy, with partnership provided to all nine SunRice business units and the 2,100 staff employed across the globe.

Above SunRice Customer Service Manager Julie Garrard with Brand Manager Annie Tan and National Account Manager Brendan Sheldon.

Right Deniliquin Milling Team Leader Jake Freshwater.

Far Right SunRice Legal Manager Chantal Freeman.

In addition to gains made in talent, culture and leadership, strategic business support continued to be the core focus of People and Performance in 2014/15. The Program Management Office and Human Resources team partnered business leaders across the SunRice Group in a range of initiatives, from negotiating a new enterprise agreement for Australian staff and the acquisition of Blue Ribbon Mill in Queensland, to the implementation of SunRice values, behaviours and leadership development.

Leveraging talent and capability

Having successfully expanded and recruited for growth over the past three years, in 2014/15 SunRice leveraged the deep functional knowledge and experience of its team to benefit the Group. High performance culture and leadership training underpinned a range of cross-functional project teams that delivered results for Riviana Foods, CopRice and Trukai Industries across IT, human resources, operations, new product development and marketing and sales. Opportunities to leverage efficiencies were also delivered for Australian-based subsidiaries via centralising key support functions, including payroll and IT infrastructure.

Supporting a flexible workplace

In line with changing market and business needs, a dynamic and flexible approach to staffing was required across several SunRice business units in 2014/15. This included the development of outsourcing options for Riviana's retail sales and warehousing functions, reconfigured shift patterns at Deniliquin Rice Mill and the placement of Coleambally Rice Mill into care and maintenance in the second half of the year. At the same time, SunRice's Leeton Specialty Rice Foods Group absorbed the on-shoring of microwave rice production from Thailand, increasing capacity and securing local employment.

People and Performance established positive working relationships with unions and employees to achieve an expedited negotiation of the SunRice, AGS and CopRice Employees Enterprise Agreement 2014 – 2017, which delivered both flexibility and productivity.

Innovative learning and autonomy

In 2014/15 SunRice implemented a Learning and Leadership Development Framework designed to demonstrate actions aligned with SunRice values and behaviours. Supported by world class training providers, a range of innovative learning opportunities were offered to staff, including a simulation

demonstrating the key aspects of commercial decision-making. SunRice also built on the momentum of the employer brand launched in 2013/14 to position itself as a dynamic Australian-owned company advantaged by local decision making, enabling quicker results and greater autonomy for employees to see their impact.

Developing an engaged, healthy workforce

Positive outcomes were realised in 2014/15 as a result of the robust remuneration and benefits framework established the year prior. Results included increased accountability and collaboration, particularly via the Senior Leadership Team, who continued to champion change. A tiered rewards and recognition program aligned with SunRice values was launched, providing line managers with flexibility in how they recognise employee achievement.

Health and wellness initiatives, including an increased focus on mental health, were well received, as was the introduction of regionally-based Employee Assistance Program providers. SunRice's Albury-based counsellors and advisors demonstrated great care and sensitivity in working with staff and their families affected by tragedy during the year.

Remuneration and benefits benchmarking activity was also completed for Trukai employees in 2014/15, to ensure market competitiveness.

Championing diversity and inclusion

Board-led diversity and inclusion policies were enhanced in 2014/15 to build on the initiatives already in place across the Group. These include programs for indigenous staff, improved workplace flexibility, and ongoing recognition of women in remote, rural and regional communities via sponsorships with the Westpac Outstanding Women Awards in Papua New Guinea and the Rural Industries Research and Development Corporation (RIRDC) Rural Women's Award.

Commitments were also made to achieve improved representation of women in senior management positions as outlined in more detail in the Diversity Statement on page 49. The investment in this important work, which aims to create a culture where diversity is valued and recognised for its contribution to business results, is ongoing.

Talent management

With SunRice's investment in foundational human resources now complete, in 2014/15 the company refocused on strategic initiatives including talent management and succession planning at senior levels aimed at producing successors over the long term. In addition to internal programs, SunRice launched the Jan Cathcart Memorial Scholarship Fund to support women with a connection to and passion for the Australian rice industry. At year end, a SunRice Graduate Program was also launched. This new initiative provides a structured 24 month work placement that will expose talented graduates to learning and leadership through core business activities and unique standalone projects. The first intake will take place in 2015/16.

Strategic support

SunRice's Program Management Office also provided partnership to managers and staff across the Group on a range of projects in 2014/15. The most significant of these was the acquisition of Blue Ribbon's rice milling assets in Brandon in the Burdekin region of Queensland. Support was provided during the sale and the subsequent integration of the site and its staff.

Board of Directors

Laurie Arthur
BAgSc GAICD

Moulamein and Barham rice grower. Director since 2007. Chairman since 2014. Directors' Committees: Member, Remuneration and Nomination. Director, Trukai Industries Ltd (PNG). SunFoods LLC (USA), Aqaba Processing Company Ltd (Jordan).

Noel Graham
FAICD

Caldwell rice grower. Director since 2001. Deputy Chairman since 2013. Directors' Committees: Chairman, Grower Services, Member, Finance and Audit, Remuneration and Nomination. Chairman, Solomons Rice Company Ltd (Solomon Islands) and SunFoods LLC (USA). Director, Sunshine Rice Inc (USA). Deputy Chairman, Rice Marketing Board for the State of NSW. Rice Marketing Board representative to Ricegrowers' Association of Australia Inc.

Grant F Latta AM
MBA BBus FAICD FAIM FAMI CPA

Director since 1999. Directors' Committees: Chairman, Finance and Audit, Member, Remuneration, Nomination, Grower Services and Safety Health & Environment. Executive Chairman, GCM Corp Pty Ltd. Chairman, Australian Capital Strategies. Director, Coleambally Irrigation Co-operative Limited; McWilliam's Wines Group Ltd; Sealy Australia; and Regional Australia Institute. Member, Australian Competition Tribunal (Federal Court).

Peter Margin
MBA BSc (Hons)

Director since 2012. Directors' Committees: Chairman, Remuneration, Member, Finance and Audit and Nomination. Chairman, Riviana Foods Pty Ltd. Non-Executive Director, Bega Cheese Limited; Nufarm Limited; PMP Limited and Pact Pty Ltd, Chairman of Huon Aqua Pty Ltd, Former Managing Director and Chief Executive Officer, Goodman Fielder Limited; National Foods Ltd.

Glen Andreazza
AdvDipAgr AAICD FAICD

Willbriggie rice grower. Director since 2011. Directors' Committees: Member, Grower Services and Safety Health and Environment. Director, Rice Research Australia Pty Ltd. Mirrool Branch Alternate Delegate, Ricegrowers' Association of Australia Inc. Senior Deputy Captain, Kooba Rural Fire Service.

Rob Gordon
BSc (Hons) CEng

Director since 2012. Director, Riviana Foods Pty Ltd; Aqaba Processing Company Ltd (Jordan); Sunshine Rice Inc. (USA); Trukai Industries Ltd (PNG); SunFoods LLC (USA), Australian Grain Storage Pty Ltd, SunRice Australia Pty Ltd, Silica Resources Pty Ltd, SunArise Insurance Company Ltd. Member, Agribusiness Advisory Board, Rabobank. Former: Director and Deputy Chair, Australian Food and Grocery Council; Director, Dairy Farmers Ltd; Managing Director, Goodman Fielder, Consumer Foods; various senior executive positions, Unilever; Bread Research Institute of Australia Ltd; Advisory Board Member, Gresham Private Equity.

Gillian Kirkup
MAICD

Yanco rice grower. Director since 2005. Directors' Committees: Chairman, Safety Health and Environment. Member, Finance and Audit and Grower Services. Director, Riviana Foods Pty Ltd., Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Observer, RIRDC Rice Research and Development Committee; Chairman, Murrumbidgee Irrigation Ltd. Member, NSW Agricultural Consultative Committee to the Bureau of Meteorology.

Mark Robertson
MAICD

Berriquin rice grower. Director since 1996. Directors' Committees: Member, Finance and Audit. Chairman, Trukai Industries Limited (PNG). Director, Riviana Foods Pty Ltd, Australian Grain Storage Pty Ltd; SunRice Australia Pty Ltd; SunRice Trading Pty Ltd; Rice Industries Ltd. Director, Murray Irrigation Ltd. Member, Rice Industry Co-ordination Committee.

Alan Walsh
FAICD

Berriquin and Coleambally rice grower. Director since 2000. Directors' Committees: Member, Grower Services and Safety Health & Environment. Director, Riviana Foods Pty Ltd. Chairman, Rice Research Australia Pty Ltd. Observer, RIRDC Rice Research and Development Committee. Delegate, Irrigation Research and Extension Committee, Rice Industry Co-ordination Committee.

Corporate Management Team

Rob Gordon
BSc (Hons) CEng
Chief Executive Officer

Joined SunRice in February 2012 as CEO. Rob has more than 30 years of senior strategic experience, including as President South-East Asia and Senior Vice President of Viterra Inc; CEO and Managing Director of Dairy Farmers Ltd; Managing Director of Goodman Fielder, Consumer Foods; and has held various senior executive positions at Unilever. He is also a Director of Riviana Foods Pty Ltd, Trukai Industries Ltd (PNG), Aqaba Processing Company Ltd (Jordan), SunFoods LLC (USA) and a Member of the Agribusiness Advisory Board, Rabobank.

John Brennan
BComm, MBA, FCA (Ireland), ACA (Australia), AICD, AGIA, ACIS Group Chief Financial Officer

John joined SunRice in September 2014 as Group Chief Financial Officer (CFO). He has held senior roles across a number of industries and countries. John has extensive experience in financial management, M&A, business integration, strategy and planning. Prior to joining SunRice, John was employed at Reckitt Benckiser where he held senior roles in the USA, Europe and Australia/New Zealand. Previous positions have included roles with Dairy Farmers and KPMG.

Mandy Del Gigante
BComm CPA AGIA ACIS
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.

Mike Hedditch
BScAgr DipEd ACI
General Manager, Grower Services

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

Simone Anderson
DipFoodSc&Tech
General Manager, Operations

Simone joined SunRice in December 2014 as General Manager, Operations and is responsible for driving best practice in safety, manufacturing, supply chain and quality across the Group. Simone has more than 25 years' operations management, supply chain and strategy experience, including senior appointments in Cadbury, Kraft and Arla Food Group across Australia, New Zealand and the UK. Before joining SunRice, Simone was Head of Operations – Snacking at Mondelez, with responsibility for manufacturing excellence, strategy and the innovation agenda.

Milton Bazley
BAppSc BBus DipExMan
General Manager, International Commodity

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

David Keldie
BA
General Manager, Consumer Markets

Joined SunRice in 2001 and was appointed General Manager, Consumer Markets in 2005. David is responsible for the Middle East, Asia, the Pacific and Australia/New Zealand, as well as New Product Development, and the Aqaba processing facility in Jordan. David is involved with the Sales and Marketing teams at SunFoods (USA) and Trukai (PNG), and assists with their growth strategies and provides business development support. David has 26 years' experience in the FMCG industry. Director, Aqaba Processing Company Ltd. Director Trukai Industries Ltd (PNG). Director Sunshine Rice Pty Ltd.

Gerard Woods
BAppSc MBA
General Manager, CopRice and AGS

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

Subsidiary Company Heads

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

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

Stephen Forde
Chief Executive Officer,
Riviana Foods Pty Ltd

Stephen joined Riviana Foods in October 2013 as CEO. He has more than 24 years of strategic experience across sales, marketing and general management. In a 20 year career with Reckitt Benckiser, Stephen held senior roles across the sales and marketing functions before being appointed Global Customer Director, U.K and then General Manager, New Zealand. More recently, Stephen was in the role of General Manager, New Zealand for Campbell Arnott's. Stephen has an established track record of success in the FMCG industry, with a wealth of experience in the Australia and New Zealand markets and with global retailers, including Tesco and Walmart.

Greg Worthington-Eyre
Chief Executive Officer,
Trukai Industries Limited

Greg joined Trukai in 2013 as Chief Executive Officer. Prior to joining Trukai, Greg was the Managing Director at Pink Hygiene Solutions and Ambius Australia, and was responsible for managing the Safety, Health and Environment, Sales, Marketing, Finance, HR, IT, Operations and Customer Service functions through a national and branch-based management team. Greg started his career at Unilever and over the course of 30 years held numerous positions across Asia, including Vice President of Modern Trade, Asia Pacific, and Customer Development Director, Unilever China.

Corporate Governance Statement

Role of the Board

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

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

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

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

Composition of the Board

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

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

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

Prior to the election of any Director, candidate information, with all material information to support an informed decision, is provided to shareholders. The company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director.

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

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

The company has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

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

Independence of Directors

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

The Board considers a Director to be independent only where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the company and its shareholders generally.

In accordance with the commentary to the ASX Principles, a director who is employed in an executive capacity by the company or any of its subsidiaries will not be an independent director. In other respects, the Board has not set materiality thresholds, considering it more effective to assess relationships on the individual circumstances applicable on a case-by-case basis, and where appropriate with the assistance of external advice.

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

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

However, the Board recognises that there may be a perception that the rice supply relationship between the company and these Directors may influence the decision-making of these Directors. Accordingly, while they are

Corporate Governance Statement continued

able to bring an independent judgement to bear on Board decisions, the seven Directors who are A Class Shareholders have not been characterised as independent due to this potential perception concern. This means that contrary to Recommendation 2.4 and 2.5 of the ASX Principles, the Board does not have a majority of independent Directors nor an independent Chairman.

Board Operations

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

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

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

Director Performance Evaluation

During the reporting period a detailed evaluation of the Board and Committees was conducted along with a skills assessment of each Director and the Board as a whole. This evaluation involved each Director completing a questionnaire and interview with the results being considered by the Board and with each individual Director.

Matters covered in the review included the role and performance of the Board and its Committees, SunRice's long-term objectives and key risks to the business and achievement of those objectives, succession planning and the effectiveness of the Chairman in leading the Board. Action plans have been developed for implementation.

Senior Executives Performance Evaluation

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

Detailed information regarding the company's remuneration practices is provided in the Remuneration Report. An evaluation of senior executives has taken place during the reporting period in accordance with the processes described above.

Access to Information

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

All Directors have access to the Company Secretary. The Company Secretary has accountability to the Board, through the Chairman, on all matters to do with the proper functioning of the Board 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 Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence. A comprehensive policy dealing with this area is in place and approved by

the Board. Adherence to the policy is closely monitored by the Finance and Audit Committee. A copy of the company's Corporate Policy on Audit Services by the External Audit Firm is available on the company's website.

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

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

The composition of the Finance and Audit Committee does not comply with Recommendation 4.1 of the ASX Principles to the extent that it recommends that an audit committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

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

Grower Services Committee

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

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

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

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

Remuneration Committee

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

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

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

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

The composition of the Remuneration Committee does not comply with Recommendation 8.1 of the ASX Principles to the extent that it recommends that a remuneration committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

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

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

Nomination Committee

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

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

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

Corporate Governance Statement continued

The composition of the Nomination Committee does not comply with Recommendation 2.1 of the ASX Principles to the extent that it recommends that a nomination committee consists of a majority of independent directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate.

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

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

Safety Health and Environment Committee

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

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

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. A non-Executive Director is Chairman of the Committee.

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

Remuneration Report

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

Risk Management

The Board oversees the establishment, implementation and review of the company's risk management framework, which have been established to identify, 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. While the Chairman of the Finance and Audit Committee is an independent director, the membership of the Committee does not comprise of a majority of independent directors and, accordingly, does not comply with Recommendation 7.1 of the ASX Principles. However, the Board believes that the composition of the Finance and Audit Committee is appropriate in the context of the current make-up and size of the Board and brings the expertise required in order to oversee the company's risk management framework.

The Finance and Audit Committee has conducted a review of the company's risk management framework during the reporting period to satisfy itself that the risk management framework continues to be sound.

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

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

Before approving the company's financial statements for a financial period, the Board receives a declaration from the Chief Executive Officer and the Chief Financial Officer that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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.

The Board and management have identified that the company has material exposure to the following economic sustainability risks, which

are managed in the manner set out below. The company does not have any material exposure to environmental or social sustainability risks.

Foreign Currency Risk

The Group is exposed to foreign exchange risk. Foreign exchange risk arises when future commercial transactions and assets and liabilities are denominated in a currency, that is not the entity's functional currency. The Group's risk management policy is to hedge, where possible, its foreign currency denominated exposure arising from future commercial transactions, at varying levels depending on the period to anticipated sales and purchases. The carrying value of the Group's assets and liabilities denominated in foreign currency and the translation of overseas businesses' results for the reporting period, would be impacted by any movement in exchange rates.

Sovereign Risk

The company conducts business with and in a number of foreign countries. Any political, legal, economic or social change in these countries has the potential to impact its operational returns and the value of its investment in these countries. Whilst some of the countries the company deals with are regarded as having high sovereign risk, the company closely monitors changes in those countries and takes pro-active steps to mitigate its exposure.

Supply of Rice

The company is exposed to fluctuations in the volume and quality of rice supplied by its growers. Fluctuations in supply may, when in surplus, result in greater volumes being sold on the world market at prevailing commodity prices, or, when in short supply, endanger market relationships and/or result in under-recovery of overheads. The company closely monitors the anticipated level of production by Australian rice growers and the extent to which rice needs to be sourced from overseas suppliers.

From time to time, the company may need to source rice from overseas locations to satisfy its market requirements. The success of this strategy is dependent upon acquiring regular supplies of high quality rice at a competitive price. The company closely monitors the level of production of rice overseas.

Regulatory Risk

The *Rice Marketing Act 1983* (NSW) (the **Act**) sets out the regime under which the company operates as an Authorised Buyer appointed by the Rice Marketing Board for the State of NSW (**RMB**) to provide a single export desk for NSW grown rice. A proclamation vesting all NSW grown rice in RMB has effect until June 2017. RMB can appoint additional Authorised Buyers which has the potential to affect the company's market share of domestic rice sales. RMB has appointed the company as the exclusive exporter of NSW grown rice under the Sole and Exclusive Export Agreement. This agreement can be terminated by RMB giving at least five years' notice. This appointment also falls away if vesting proclamation is not renewed in 2017.

The company continues to assess and record the economic benefits of vesting and, when required, provides evidence of this to the NSW Government to support the continuation of vesting and the single export desk enjoyed by it.

Ethical Standards

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

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

Code of Conduct

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

The company has established a Group Code of Conduct which applies to all Board members, officers, employees and contractors of the company. All Directors also need to comply with the Directors' Code of Conduct.

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

Diversity at SunRice

The Group's diversity policy provides a framework for SunRice to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours, and improved employment and career development opportunities for women.

SunRice's diversity strategies include:

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

Across the Group, the respective proportions of men and women employees on the Board, in Senior executive positions and across the broader group are illustrated in the following table.

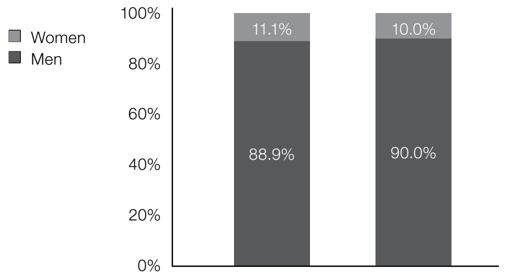
Corporate Governance Statement continued

Key highlights include:

1. The number of women on the SunRice Board remains unchanged. The change in the proportion of women on the Board reflects the change in male Board member composition following the retirement of the SunRice Chairman in December 2014.
2. During 2014/15, the proportion of female senior executives increased by 5% from 2 to 3 due to the appointment of the GM – Operations, Simone Anderson, to the team.
3. The proportion of women in senior management positions across the Group increased from 13.7% (May 2014) to 17.3% (April 2015). This 3.6% increase in female representation in senior management positions reflects a number of appointments of females into business critical roles within the Operations, Group Finance and Legal functions within the group.
4. The benefit of the Group's enhanced recruitment practices has contributed to the female employee representation increasing by 2.5% from 27.7% (May 2014) to 30.2% (April 2015) across the Australian employee population.
5. More broadly across the Group, the proportion of female employees to male employees has remained stable at 22%.

Proportion of women on the Board

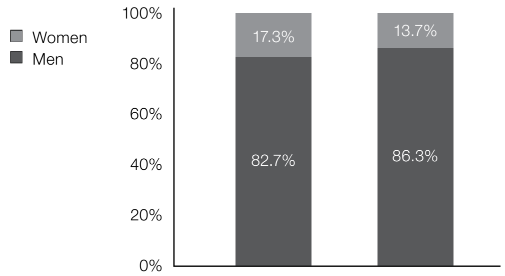
Proportion of women on the Board



	2014/15	2013/14
Women	11.10%	10.00%
Men	88.90%	90.00%
Number of Women	1	1
Number of Men	8	9

Proportion of women in senior management positions in Australia as reported in the Workplace Gender Equality Agency Report[2]

Proportion of women in senior management

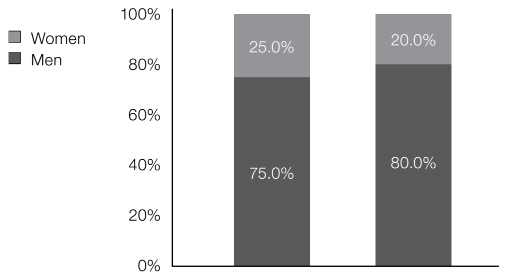


	2014/15	2013/14
Women	17.30%	13.70%
Men	82.70%	86.30%
Number of Women	9	7
Number of Men	43	44

2 Senior Management includes Senior executives (as defined above) and their direct reports. The number of senior managers represents Australian based senior managers only.

Proportion of women in senior executive positions in the Group[1]

Proportion of women in senior executive positions

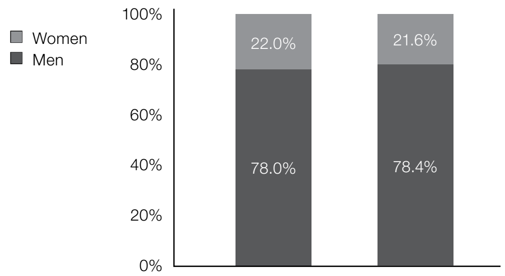


	2014/15	2013/14
Women	25.00%	20.00%
Men	75.00%	80.00%
Number of Women	3	2
Number of Men	9	8

1 Senior Executive includes the Group CEO and other members of the Corporate Management Team and Subsidiary Company Heads. The number of senior executives represents Australian based senior executives only.

Proportion of women employees across the Group

Proportion of women employees



	2014/15	2013/14
Women	22.00%	21.6%
Men	78.00%	78.4%
Number of Women	509	487
Number of Men	1,783	1,763

2014/15 Measurable objectives

2014/2015 Objective	Initiatives and Outcome
Increase the representation of women in senior management positions to 20% by 2016	Progressing well against target. During 2014/15, the proportion of women in senior management positions across Australia increased from 13.7% to 17.3% at April 2015. This outcome was achieved by revised recruitment practices with SunRice's panel of preferred suppliers which requires at least one suitably qualified female on the short-list of potential candidates.
Establish programs to develop a broader pool of skilled and experienced senior management and board candidates	**Business mentoring and business networking groups** During 2014/15 SunRice participated in a number of business networking events to promote cultural diversity awareness through building a network of skilled and engaged female employees and potential future candidates. Some of these events include: – A Sponsor in the Rural Industries Research and Development Corporation Rural Women's Award Celebratory dinner in Canberra in September. – Celebrated International Women's Day the theme of which was 'Make It Happen – encouraging effective action for advancing and recognising women'. This included hosting a table of SunRice female employees to hear successful women talk about how to get more women into leadership roles, how to promote awareness for women's equality and what's next for feminism. – Attended an evening with SunRice female employees to hear Lt Gen David Morrison, Chief of Army talk about how to make lasting cultural change in an organisation bound by strong history and traditions.
Make a difference in our local communities by attracting, developing and retaining a diverse workforce	**The Indigenous Employment Strategy** – Ongoing commitment to supporting local indigenous populations through long-term sustainable employment opportunities, community engagement, cultural awareness and supportive workplace arrangements. – Joined the National Aborigines and Islanders Day Observance Committee (NAIDOC) week celebrations in Leeton and held careers information sessions at Deniliquin Mill with Sureway, Summit and the Yarkuwa Indigenous Knowledge Centre. – Met with representatives of the New Careers for Aboriginal People (NCAP) program, designed for Aboriginal people seeking employment and training advisory services. – The active engagement by SunRice of the Local Aboriginal Lands Council in Leeton has resulted in a strong partnership when conducting recruitment workshops targeted at the region from Narrandera to Darlington Point. – Enhanced metrics reporting on the prevalence of Indigenous employees within SunRice. The proportion of SunRice Australian employees who identify as Indigenous as a percentage of total employees has increased to 2.9%, up from 1.7% during mid 2014/15. This proportion is comparable to the indigenous population in NSW compared to all people, which is also at 2.9%[1]. 1. 3238.0.55.001 – Estimates of Aboriginal and Torres Strait Islander Australians, June 2011, Australian Bureau of Statistics, Latest issue 30 August 2013.

2014/2015 Objective	Initiatives and Outcome
Make a difference in our local communities by attracting, developing and retaining a diverse workforce *(continued)*	**Jan Cathcart Scholarship Program** – SunRice launched the inaugural Jan Cathcart Scholarship Award; a $300,000 Scholarship designed to support talented women who demonstrate a passion and commitment to the rice industry and who can contribute and play a critical part in shaping a positive future. Under the 10-year program, SunRice will award one $30,000 scholarship every year to support the study by a female grower, shareholder, employee or a member of their family. As a part of the program SunRice will also be welcoming applicants into the SunRice family and offering them career opportunities within the SunRice Group. – The work experience program will provide exposure to different areas of the business, including coaching and mentoring opportunities.
Raise awareness of diversity and inclusion for Senior Leaders by providing specific development programs to Senior Leaders across the organisation	– Conducted extensive research to gain an understanding of baseline metrics compared to industry peers. – Undertook comprehensive one-on-one interviews with Board and senior executives to establish a cultural baseline of inclusion. Interviews helped to understand how our executives perceive and experience the workplace within SunRice and their views on diversity and inclusion. Interviews enabled us to ascertain a view on 'change readiness' – that is, leadership alignment, commitment and capability when it comes to leading the diversity and inclusion agenda at SunRice. – Piloted an Inclusive Leadership program in preparation for supporting our leaders in developing a shared commitment to thinking differently and behaving inclusively.
Enhanced monitoring and reporting of gender metrics across the group	– Building on analysis conducted in 2013/14 to assess the prevalence of bias in SunRice's pay practices, further analytics on performance data, remuneration market comparisons, and talent data was undertaken in 2014/15. The results confirmed SunRice's remuneration practices to be fair and equitable for men and women. – Adopted a strategic approach to managing diversity by collecting information about our workforce to better understand the current state of diversity across the Group. – Promoted diversity and inclusion awareness through reporting gender and insights to senior executives on a monthly basis. – Developed a Diversity reporting dashboard to expand the baseline reporting metrics previously focused on gender, to broader reporting metrics on cultural background, age, ethnicity, country of birth and disability. Developed a questionnaire for new employees to provide broader reporting metrics. Questions include identification as an Aboriginal or Torres Strait Islander, country of birth, spoken languages and disability.

Building on our successes in the Diversity and Inclusion programs and initiatives launched and developed in 2014/15, the planned measurable objectives for 2015/16 will focus on embedding the new programs and building cultural awareness of Diversity and Inclusion across the group.

2015/2016 Measurable Objectives

1. Increase the representation of women in senior management positions to 20% by 2016
2. Cascade Inclusive Leadership Program across the senior leadership team to foster and harness diversity of thinking
3. Make a difference in our local communities by attracting, developing and retaining a diverse workforce
4. Raise awareness of diversity and inclusion for Senior Leaders by providing specific development programs to Senior Leaders across the organisation
5. Enhanced monitoring and reporting of gender metrics across the group

Trading in Company Securities

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

Continuous Disclosure to the NSX

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

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

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

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

Communication with Shareholders

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

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

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

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

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

Shareholders of the company have the option to receive communications from, and send communications to, the company and its security registry electronically.

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

Financial Report

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

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

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

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

The financial report was authorised for issue by the directors on 23 June 2015.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2015.

1. Directors

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

LJ Arthur
NG Graham
G Andreazza
R Gordon
GL Kirkup
GF Latta AM
PM Margin
DM Robertson
AD Walsh

GF Lawson AM was a director from the beginning of the financial year until his resignation on 19 December 2014.

2. Company Secretary

Mandy Del Gigante

3. Principal activities

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

4. Consolidated entity result

The net profit of the Group for the period after income tax and after non-controlling interests was $43,425,000 (2014: $29,730,000).

5. Review of operations

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

6. Significant changes in the state of affairs

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

7. Events subsequent to the balance sheet date

On 23 June 2015 the Directors declared a fully franked final dividend of 26 cents per share.

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

8. Likely developments and expected results of operations

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

9. Environmental regulation

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

Land Development Approvals

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

Manufacturing

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

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

The Australian Packaging Covenant Action Plan report for Year 4 of the SunRice Five Year Action Plan has been submitted and acceptance by the Australian Packaging Covenant is expected in July 2015.

The focus on reducing the volume of packaging waste sent to landfill is being maintained where possible. Retail core rice packs now include consumer information for recycling of flexible packaging. The management of trade waste water is an ongoing process being undertaken at the Specialty Rice Foods Plant. This water treatment facility continues to operate well with outgoing water quality being monitored regularly by Ricegrowers Limited as well as Leeton Shire Council personnel.

Greenhouse gas and energy data reporting requirements

The group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting (NGER) Act 2007*.

Ricegrowers Limited has assessed its energy usage and submitted its National Greenhouse and Energy Report to the Clean Energy Regulator for the period 1st July 2013 to 30th June 2014. The report requires the reporting of direct and indirect emissions. The consumption of 547,003 gigajoules of energy and calculated emissions of 102,165 tonnes of CO_2 were reported for the reporting period.

10. Paddy supply

The paddy supply for 2015/2016 from Australian ricegrowers is expected to be approximately 690,000 tonnes (2014/2015: 829,000 tonnes).

11. Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2015.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,787,748
2	Australian Food & Agriculture Company Limited	2,365,086
3	Germanico Super Pty Ltd	810,625
4	Dellapool Nominees Pty Ltd	807,809
5	Indara Holdings Pty Ltd	688,393
6	Mr Alan David Walsh	492,285
7	Industry Designs Pty Ltd	467,290
8	Taurian Pty Ltd	402,529
9	Ambo Farms Pty Ltd	351,479
10	GF & SB Lawson Pty Ltd	330,139

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

12. Directors' and company secretary qualifications

Refer to the Annual Report for details.

13. Directors' interests in shares

	Directors' interests in A and B Class shares of Ricegrowers Limited			
		2015		2014
Director	**A Class Shares**	**B Class Shares**	A Class Shares	B Class Shares
NG Graham	**1**	**100,897**	1	100,897
GA Andreazza	**1**	**80,279**	1	80,279
LJ Arthur	**1**	**233,818**	1	233,818
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**–**	**29,838**	–	29,838
DM Robertson	**1**	**224,539**	1	224,539
AD Walsh	**1**	**500,350**	3	500,350

R Gordon and PM Margin do not hold any shares.

14. Directors' meetings

	RL Board		**F & A Committee**		**Grower Services Committee**		**Remuneration Committee**		**SHE Committee**	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson	10	10	–	–	–	–	3	3	–	–
DM Robertson	12	14	4	5	–	–	–	–	–	–
LJ Arthur	14	14	5	5	3	3	2	2	–	–
NG Graham	14	14	5	5	2	2	4	4	–	–
PM Margin	13	14	5	5	–	–	4	4	–	–
GL Kirkup	13	14	2	2	5	5	–	–	4	5
GF Latta	14	14	5	5	5	5	4	4	5	5
RF Gordon	14	14	5	5	3	5	4	4	5	5
AD Walsh	14	14	–	–	5	5	–	–	5	5
GA Andreazza	14	14	–	–	5	5	–	–	5	5

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

15. Indemnification of officers

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

16. Directors' benefits

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

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

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

17. Remuneration report (audited)

Ricegrowers Limited seeks to create value for our shareholders through a robust remuneration and benefits strategy designed to attract, retain and motivate suitably qualified people. This Remuneration Report outlines Ricegrowers Limited's remuneration policy and remuneration outcomes for the Key Management Personnel of the Group for the year ended 30 April 2015.

This Remuneration Report is audited and has been prepared in accordance with requirements of the *Corporations Act 2001* (Cth).

Outline of this Remuneration Report
The Remuneration Report has the following sections:
1. Overview
2. Key Management Personnel
3. Remuneration governance at Ricegrowers Limited
4. Remuneration of Non-Executive Directors
5. Executive remuneration policy and framework
6. Remuneration tables
7. Remuneration Consultants
8. Voting and comments made at Ricegrowers Limited's Annual General Meeting

1. Overview
The Directors are pleased to provide shareholders with this Remuneration Report for the year ended 30 April 2015.

Remuneration policies and practices are guided by the following principles:

a) The remuneration policies provide a greater degree of transparency and consistency, governance and structure of remuneration for employees of the company, shareholders and rice growers

b) Total remuneration is fair and equitable internally and in our chosen markets

c) Robust policies and processes which underpin the approach to benchmarking remuneration and setting incentive targets to ensure the remuneration is adequate to attract, retain and motivate key employees while providing a suitable return for shareholders; and

d) Variable remuneration is aligned to strategy, drives consistent and sustainable performance and drives the right outcomes and behaviours

17. Remuneration report (audited) (continued)

2. Key Management Personnel

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

Note that for the purpose of this Remuneration Report, the term 'Executive' is used to describe current and former Executives of the Group listed below (including the Executive Director). These Executives, in addition to the Non-Executive Directors represent the Key Management Personnel of the Group for FY2015 as defined under the Australian Accounting Standards. Where relevant this Remuneration Report discusses policies that apply to the executive management team (referred to as the Corporate Management Team) more broadly but includes Executives.

The Key Management Personnel of the Group for the year ended 30 April 2015 and for the comparative year were:

A. Current Directors (including the Executive Director)

Name	**Date of Commencement**
LJ Arthur	24 August 2007
NG Graham	22 November 2001
GA Andreazza	26 August 2011
R Gordon, Executive Director and CEO	6 February 2012
GL Kirkup	24 November 2005
GF Latta AM	28 October 1999
PM Margin	27 September 2012
DM Robertson	24 September 1996
AD Walsh	25 August 2000

B. Former Directors

GF Lawson AM	2 December 1985 (retired 19 December 2014)

C. Current Executives

Name	**Position**
JH Brennan	Chief Financial Officer (appointed to Key Management Personnel role 1 September 2014)
M Bazley	General Manager, International Commodity & Trading
D Keldie	General Manager, Consumer Markets
G Woods	General Manager, AGS and CopRice

D. Former Executives

Former Executives	
E Zammit	Interim Chief Financial Officer (ceased employment with the company on 31 December 2014)
J Lloyd	Chief Executive Officer, Riviana Foods (retired effective 30 April 2014)
B Hingle	Chief Financial Officer (resigned effective 23 December 2013)

3. Remuneration governance at Ricegrowers Limited

A formal Remuneration Committee is constituted to govern matters related to Director and Executive remuneration. The details of the Committee Members are included in the Directors' Report of the Annual Report and the Charter of the Remuneration Committee is available on the Company's website.

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

17. Remuneration report (audited) (continued)

3. Remuneration governance at Ricegrowers Limited (continued)

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

a) Executive remuneration policies

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

c) Employment contracts of Executive management

d) Incentive policies and schemes

e) Termination payments for Executives

f) Executive and Board development programs

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

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

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

j) Remuneration by gender

4. Remuneration of Non-Executive Directors

Directors' fee

Non-Executive Directors receive fees which are determined by the Board within the aggregate allotment approved by shareholders.

The fees for FY15 are set out in the table below.

Base fees	
Board Chair	155,000
Board Deputy Chair	79,000
All other Non-Executive Directors	67,000

The Deputy Chair and Directors receive the following fees for the additional responsibilities and time commitment as committee chair or members:

Committee Chair and Member fees	
Finance & Audit Committee Chair	14,000
Finance & Audit Committee Member	7,000
Remuneration Committee Chair	7,000
Remuneration Committee Member	3,500
Grower Services Committee Chair	7,000
Grower Services Committee Member	3,500
Safety Health and Environment Committee Chair	7,000
Safety Health and Environment Committee Member	3,500
Nomination Committee Chair/Member	nil

During the year, the following fees were introduced to reflect the time and responsibility associated with participation on these Boards.

Subsidiary Board Chair and Member fees	**Fees**
Riviana Chair	$7,000
Riviana Member	$3,500

4. Remuneration of Non-Executive Directors (continued)
In addition to the above fees, Ricegrowers Limited contributes the statutory superannuation (currently 9.5%) on behalf of all Directors.

Non-Executive Directors of Ricegrowers Limited who are Directors of Trukai Industries Limited also received annual Director Fees for their roles in recognition of the additional workload associated with travel to and management of an operation based in Papua New Guinea. Mr Robertson received $11,965 (Kina 25,000) and L Arthur received $9,572 (Kina 20,000) in relation to FY15 (Kina 25,000 and Kina 20,000 respectively in FY14). Total remuneration received by Directors published in the Remuneration Tables on page 67 reflects the aggregate of all Directors' Fees received by a Director in respect of Ricegrowers Limited and any of its Subsidiaries.

All remuneration is provided to Directors in cash, and no Director (other than the Executive Director, the Ricegrowers Limited CEO) is entitled to performance-based remuneration.

Directors' fee review
During 2014 the Board approved the following changes to Directors' fees:

1. Average base fee increase of 3.5% for Chairman, Deputy Chairman and other Non-Executive Directors
2. Increase in Board Committee fees, and
3. Introduction of Subsidiary Board fees for Riviana Foods

The changes to Directors' base and Board Committee fees noted above resulted in the total annualised fees (comprising base fees and Committee fees) increasing by an average 7.2%. Note these increases also included the 0.25% increase in the Superannuation Guarantee contributions to bring the Superannuation Contributions to 9.5% from 1 July 2014.

Following changes in the composition of Board Committee members arising from the Board elections conducted in 2014, the total annualised fees are $819,060. The annualised fee aggregate of $819,060 amounts to 74.5% of the total fee pool for the 8 Non-Executive Directors, noting 1 Director vacancy from 1 January 2015.

The total actual fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration) were $889,219 (80.8% of the total fee pool). This is within the fee pool limit as approved by members at the 2013 Annual General Meeting.

Refer to the Remuneration Table on page 67 for details of the total remuneration received by each Director during the reporting period.

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

Retirement allowances for Non-Executive Directors
Historically, the Directors of the Company participated in a Retirement Benefit Scheme, consistent with market practice at the time. Following a review by expert remuneration consultants, shareholders approved at the 2010 Annual General Meeting held on 27 August 2010 a change to the structure of Directors' remuneration which included the termination of the Retirement Benefit Scheme. Ricegrowers Limited's liability has been fully provided in previous years, therefore there will be no additional cost to the company.

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework

Review of remuneration strategy and policies
During 2013, the Remuneration Committee worked with Hay Group, an independent remuneration expert, to assist management with the review and improvement of the Group's approach to remuneration. As a result of the review the following was achieved:

1) Development of a remuneration strategy that defines how the Group applies a set of remuneration principles to attract and retain the right people in its chosen markets
2) Design of a remuneration framework, which provides the tools to measure and differentiate individual roles internally and measure competitiveness to the external market
3) Market remuneration comparison of executives to provide an independent report on the Group's competitive remuneration relative to the external market for executives, and a view on the current internal remuneration equity practice across the executive group
4) Review Ricegrowers Limited's remuneration policies which outline the management of remuneration within the Business Units. Policies include:
   a) Fixed remuneration;
   b) Variable remuneration, including consideration of short term incentive programs and long term incentive programs; and
5) As a result, alignment with the principles as set out in the Overview to this Remuneration Report.

Remuneration strategy
The remuneration strategy implemented in 2013 provides the Remuneration Committee and the Corporate Management Team with the parameters for governing remuneration at executive and salaried level. The strategy is designed to provide competitive remuneration across Ricegrowers Limited that is broadly in-line with appropriate market practice. Remuneration at Ricegrowers Limited should:

- provide market competitive remuneration opportunities for sustainable performance in line with strategic expectations;
- encourage balanced outcomes for all stakeholders being shareholders, rice growers, employees and the communities in which we operate;
- reward for outputs and behaviours (i.e. the 'what' and the 'how);
- promote a balance between short-term and long-term goals;
- align the financial interests of executives and shareholders; and
- not encourage excessive risk taking.

Remuneration framework
In developing a remuneration framework to apply across Ricegrowers Limited and its subsidiaries around the world, the Remuneration Committee considered the size and complexity of the Group's operations.

The remuneration framework provides a mix of fixed remuneration and variable 'at-risk' pay to reward performance against short and medium term goals. Ricegrowers Limited approaches remuneration in the context of total remuneration whereby the remuneration received includes both tangible remuneration and other benefits.

The elements of executive remuneration are described below. Note that while this Remuneration Report discloses the details of those Executives who are disclosed as Key Management Personnel, the comments are generally applicable to Corporate Management Team members.

Fixed Annual Remuneration
Fixed Annual Remuneration comprises the base remuneration, superannuation plus other short-term benefits. Executives are able to elect to take a range of benefits as part of their remuneration package, including novated vehicle, additional superannuation or remote housing subsidy.

5. Executive remuneration policy and framework (continued)

Fixed remuneration is designed to align to the value the individual provides to the organisation including the following:

I. Relative size and complexity of the role

II. Skills and competencies needed to generate results

III. Sustained contribution to the team and organisation

IV. The value of the role and contribution of the individual in the context of the external market

V. Strategic planning including succession and retention of corporate knowledge

In 2013 the Remuneration Committee engaged the Hay Group to provide a comprehensive benchmarking review and market practice advice for the Executives. The independent report compared the fixed and variable remuneration of Executives against defined peer companies in guiding the Remuneration Committee in setting the appropriate target fixed and variable remuneration for Executives for FY15

Benchmarking for Executive positions is based on specific roles in peer companies from the following sectors:

- Consumer Staples
- Agriculture & Food Products
- Industrial & Services

Ricegrowers Limited's remuneration policy for Executive fixed remuneration is to position around the median of the market, with opportunity for above target outcomes through variable remuneration for outstanding performance.

While there is an annual salary review process, no Executive has a contractual entitlement to an increase in their Fixed Annual Remuneration. Actual remuneration changes vary by individual based on:

- The employee's current position relative to the market, and
- The employee's level of performance.

Variable Remuneration

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

A. "At risk" remuneration

The "at risk" remuneration in the table below describes the portion of remuneration for the Ricegrowers Limited CEO and other Executive Key Management Personnel that is not guaranteed. The "remuneration mix" describes the mix of remuneration as a proportion of total remuneration (including incentives) and is based on the target opportunity.

	Fixed Annual Remuneration	**Short Term Incentive**	**Long Term Incentive**
	% of total remuneration		
CEO Ricegrowers Limited	50%	25%	25%
Chief Financial Officer	71%	29%	–
GM – Consumer Markets	71%	29%	–
Other Executive Key Management Personnel	77%	23%	–

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

B. Short Term Incentive scheme

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

For FY15 the Ricegrowers Limited CEO had a target STI opportunity equal to 50% of his Fixed Annual Remuneration as set by the Board to drive profit and paddy price per tonne for the year as well as other strategic and operational goals. The Chief Financial Officer and General Manager – Consumer Markets had a target STI of 40% with the potential of a maximum of 50% for exceptional performance. All other current Executives have a target STI of 30%, with the potential of a maximum of 37.5% for exceptional performance.

STI for Executives (excluding the Ricegrowers Limited CEO)

A group-wide performance 'gateway measure' was in place before any STI pool is released. This gateway measure ensures that incentive payments are funded through profitability, as distinct from a scenario (without the gateway) where incentives may be paid for, say, individual performance, notwithstanding the Group performance being below expectations. The key gateway measure is threshold performance against the Group Net Profit Before Tax after applying a budgeted paddy price. If the threshold (being at least 95% of the target) is not achieved, the gate does not open and no STI payments are awarded except for circumstances where the Board exercises discretion to do so. The specific target is not disclosed due to it being commercially sensitive.

Once the threshold is achieved, the FY15 STI for each individual is determined against three broad components. The weighting and examples of performance measures are shown in the table below. For the Executives, the performance measures are recommended to the Remuneration Committee by the Ricegrowers Limited CEO. For the CEO and the Executives, the Remuneration Committee sets the performance measures. Specific performance measures are disclosed to the extent that they are not commercially sensitive.

KMP	Group Performance	Business Unit Performance	Safety, Health and Environment	Individual Performance	Total
Chief Financial Officer	50%	0%	10%	40%	100%
General Manager Consumer Markets	35%	30%	10%	25%	100%
General Manager International Commodity	35%	30%	10%	25%	100%
General Manager AGS & CopRice	35%	30%	10%	25%	100%

5. Executive remuneration policy and framework (continued)

Component	Performance measures
Group performance	Each Executive is subject to the same Group profit performance measure. This component is awarded on a sliding scale between 95% of target (at which point 50% is awarded) and 110% of the target (at which point 125% is awarded). The above measure was chosen as a key metric to provide the link between Group performance and balancing our objective to achieve the best possible returns for rice growers whilst acting in the best interests of shareholders.
Business Unit performance	*1. Profit* Each Executive is set with Business Unit performance targets, measured as Net Profit Before Tax for their respective Business Unit or Functional Team. The measures are chosen as they indicate the success of the Executive in executing the strategy for their Business Unit. *2. Safety, Health and Environment* The Safety, Health and Environment (SHE) Target assesses the safety performance of the Executives' Business Unit by measuring the reduction in Lost Time Injury Frequency Rate (LTIFR) and the Lost Time Injury Severity Rate (LTISR) whilst progressively moving towards proactive preventative SHE actions. The two lead indicators used to measure preventative SHE actions comprise: a) Safety Health and Environment Element Audits b) Near Miss Identification The Safety Health and Environment performance measure has been selected to drive the Zero Harm culture initiative across the Group.
Individual performance	Each Executive is set with individual performance measures relating to their role as an individual contributor. The individual scorecard measures include leadership, innovation, process improvement and customer focus.

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

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

The CEO's STI has various components which includes improvement in profit, maximisation of return to growers, strategic and operational goals.

General comments in respect of the STI for all Executives (including the Ricegrowers Limited CEO)
None of the performance measures applicable in this reporting period were relative to external benchmarks.

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

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

Key Management Personnel	STI Target Opportunity	STI Maximum Opportunity	% of STI Maximum Earned
Ricegrowers Limited Chief Executive Officer	100%	104%	89.0%
Chief Financial Officer	100%	125%	82.0%
General Manager – Consumer Markets	100%	125%	90.0%
General Manager – AGS and CopRice	100%	125%	52.6%
General Manager – Int'l Commodity & Trading	100%	125%	70.6%

Link to performance of Ricegrowers Limited

	2011	2012	2013	2014	**2015**
Group NPBT $000s	17,500	54,635	57,347	54,039	**70,650**
Paddy Supplement / (Retention)[1]	22,709	(16,000)	–	–	**–**
Medium Grain Paddy Price ($ / t)[2]	417	255	317	294	**395**
Earnings per Share (cents)[1]	23.0	57.3	57.9	53.3	**77.9**
Return on Funds Employed (%)[1,4]	8.1%	11.7%	13.6%	14.1%	**15.8%**
Dividend (cents per B Class Share)	18.0	18.0	23.0	23.0	**31.0**
Average STI payment as a % of Maximum STI opportunity for Key Management Personnel[3]	17.6%	77.1%	86.0%	91.4%	**73.8%**

1. The NPBT used to evaluate performance includes key adjustments. In 2011 a paddy supplement to the value of $22.7m was paid. In 2012, retention was applied from the paddy pool to the value of $16m. The FY12 ROFE calculation excludes this retention of $16m ($20/t).
2. Medium Grain Paddy Price of $417/t for FY11 is the weighted average for the premium pool and pool #2.
3. Ricegrowers Limited CEO is excluded and participates under a separate STI plan.
4. ROFE defined as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.

C. Long Term Incentive scheme
With the exception of the Long Term Incentive scheme for the CEO, the Group has not actively awarded Long Term Incentives in the current year.

The Ricegrowers Limited CEO is eligible to participate in the Company's Long Term Incentive scheme. For FY15 the CEO had a target Long Term Incentive opportunity equal to 50% of his Fixed Annual Remuneration. The objectives set by the Board for the CEO's Long Term Incentives are:

- Compound annual growth in Group Net Profit After Tax over three years;
- Maximising return to growers as measured by price per tonne each and every year over the three years;
- Achieve significant reduction in milling conversion costs over three years;
- Strategic goals arising from the strategic planning process in relation to the Company's strategic direction and capital structure; and
- Talent and succession planning goals

The amounts represented in the other long term benefits for the Ricegrowers Limited CEO within the remuneration tables represents the amount provided for the Ricegrowers Limited CEO under the Long Term Incentive scheme in FY15.

17. Remuneration report (audited) (continued)

6. Remuneration tables

Executives

	Short term benefits			Post-employment benefits	Termination Benefit	Other long term benefits	Total Paid and Payable
Name	Cash Salary and fees $	Cash Bonus $	Non-Monetary Benefits[2] $	Super-annuation $	$	$	$
R Gordon[1]							
2015	**934,034**	**445,000**	**7,331**	**31,000**	**–**	**614,105**	**2,031,470**
2014	907,400	400,000	8,778	25,000	–	400,000	1,741,178
J Brennan[3 & 7]							
2015	**336,771**	**150,333**	**4,258**	**29,896**	**–**	**–**	**521,258**
2014	–	–	–	–	–	–	–
M Bazley							
2015	**382,680**	**107,933**	**–**	**25,000**	**–**	**–**	**515,613**
2014	370,806	139,225	–	25,000	–	–	535,031
D Keldie							
2015	**386,010**	**184,954**	**7,331**	**25,000**	**–**	**–**	**603,295**
2014	366,439	137,688	8,778	24,999	–	–	537,904
G Woods							
2015	**293,285**	**77,964**	**84,926**	**33,327**	**–**	**–**	**489,502**
2014	248,811	121,784	99,413	24,376	–	–	494,384
Former Executives							
E Zammit[4 & 7]							
2015	**320,979**	**102,781**	**5,167**	**12,354**	**–**	**–**	**441,281**
2014	215,297	81,720	4,058	8,888	–	–	309,963
B Hingle[5]							
2014	227,148	–	28,180	16,660	–	–	271,988
J Lloyd[6]							
2014	572,034	318,005	7,400	56,575	106,002	53,000	1,113,016

1. In accordance with accounting standards, the Ricegrowers Limited Chief Executive Officer's remuneration includes amounts provided in the relevant years as the best estimate of the LTI relating to that year's performance. The provision reflects the final tranche of the three-year LTI plan based on achievement of the service and performance conditions outlined in the LTI plan.
2. Non-monetary benefits include benefits such as car parking and fringe benefits tax. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.
3. J Brennan commenced as Chief Financial Officer on 1 September 2014
4. E Zammit commenced as Interim Chief Financial Officer on 11 November 2013 and ceased on 31 December 2014
5. B Hingle ceased as Chief Financial Officer on 23 December 2013.
6. J Lloyd retired on 30 April 2014 at which time he was provided with a Termination Benefit as provided for in his service agreement.
7. The Cash bonuses for J Brennan and E Zammit reflect pro-rated amounts based on their length of service during the year

It is noted that there are no Share Based Payments for any Key Management Personnel.

Directors' Report continued

17. Remuneration report (audited) (continued)

6. Remuneration tables (continued)

Non-Executive Directors

			Post-employment benefits	**Total**
	Cash Salary and fees $	Cash Salary & fees Other Controlled Entities $	Superannuation $	$
LJ Arthur[1, 2 & 4]				
2015	**103,333**	**11,792**	**9,995**	**125,120**
2014	74,000	7,030	6,816	87,846
NG Graham				
2015	**91,833**	**–**	**8,689**	**100,522**
2014	78,583	–	7,241	85,824
GA Andreazza				
2015	**74,000**	**–**	**7,000**	**81,000**
2014	71,000	–	6,541	77,541
GL Kirkup[4]				
2015	**82,167**	**3,500**	**8,105**	**93,772**
2014	75,000	–	6,910	81,910
GF Latta				
2015	**91,500**	**–**	**8,693**	**100,193**
2014	86,000	–	7,740	93,740
PM Margin[3]				
2015	**81,000**	**7,000**	**8,326**	**96,326**
2014	75,000	–	6,909	81,909
DM Robertson[2 & 4]				
2015	**74,000**	**13,245**	**7,121**	**94,366**
2014	79,417	8,788	7,313	95,518
AD Walsh[4]				
2015	**74,000**	**3,500**	**7,332**	**84,832**
2014	69,000	–	6,356	75,356
GF Lawson (Retired 19.12.2014)				
2015	**103,333**	**–**	**9,754**	**113,087**
2014	150,000	–	13,818	163,818

1. Base fees revised for LJ Arthur to reflect appointment to Board Chairman effective 19.12.2014
2. LJ Arthur and DM Robertson as Directors of Trukai Industries Limited receive Directors' fees from Trukai Industries Limited.
3. PM Margin as Board Chairman of Riviana Foods received a total $7,000 in Board fees
4. GL Kirkup and AD Walsh as Board Members of Riviana Foods received a total $3,500 in Board fees. The Riviana Board fees for LJ Arthur and DM Robertson were pro-rated to $2,220 and $1,280 respectively for their part-year representation on the Riviana Board.

17. Remuneration report (audited) (continued)

6. Remuneration tables (continued)

Service Agreements

The remuneration arrangements for the Ricegrowers Limited CEO and the Executives are formalised in Service Agreements.

Name and Role	Term of Agreement	Notice Periods
R Gordon, Ricegrowers Limited Chief Executive Officer	Service agreement until February 2017	6 months
J Brennan, Chief Financial Officer	Rolling contract with no fixed end date	6 months
M Bazley, General Manager – International Commodity & Trading	Rolling contract with no fixed end date	3 months
D Keldie, General Manager – Consumer Markets	Rolling contract with no fixed end date	3 months
G Woods, General Manager – AGS and CopRice	Rolling contract with no fixed end date	3 months

Additional comments:

1. The Ricegrowers Limited CEO has a contractual entitlement to STI and LTI programs. The remaining Executives are eligible to participate in the Variable Remuneration schemes and participation is by invitation only.
2. The remaining Executives have standard permanent employment contracts. Under these employment contracts the Company can terminate without notice for cause.
3. None of the Service Agreements detailed above provide an entitlement to Termination Benefits other than (a) any contractual benefits accrued up until the date of termination and (b) payment in lieu of notice if mutually agreed by the parties.

Share holdings

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

		2015		2014
Director	**A Class**	**B Class**	A Class	B Class
LJ Arthur	**1**	**233,818**	1	233,818
NG Graham	**1**	**100,897**	1	100,897
GA Andreazza	**1**	**80,279**	1	80,279
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**–**	**29,838**	–	29,838
DM Robertson	**1**	**224,539**	1	224,539
AD Walsh	**1**	**500,350**	3	500,350

R Gordon and PM Margin do not hold any shares.

	2015	2014
Other Key Management Personnel	**B Class**	B Class
M Bazley	**19,491**	19,491
D Keldie	**14,784**	14,784

Key management personnel not listed did not hold any shares.

No shares were issued to/(redeemed by) Directors of Ricegrowers Limited, their Director related entities and other Key Management Personnel during the year.

Directors' Report continued

17. Remuneration report (audited) (continued)

6. Remuneration tables (continued)

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

Issuing entity	**2015**	2014
Ricegrowers Limited	**1,271,426**	1,271,428

Transactions with Directors and other Key Management Personnel

Transaction type and class of other party

	2015 $000's	2014 $000's
Purchases of rice from Directors	**5,364**	4,442
Sale of inputs to Directors	**147**	156
Sale of stockfeed to Directors	**–**	8

There were no transactions with other Key Management Personnel.

7. Remuneration Consultants

During the reporting period, the Company engaged remuneration consultants for the purpose of providing access to their remuneration database and provision of market remuneration data.

Provision of a "remuneration recommendation"

The fees paid to Hay Group during the reporting period were $19,360, none of which related to the remuneration recommendations, as defined in the *Corporations Act 2001* (Cth).

AonHewitt provided market remuneration data in relation to Ricegrowers Chief Executive Officer, of which no remuneration recommendations were made in relation to Key Management Personnel. The total fees paid to AonHewitt during the reporting period were $2,332.

8. Voting and comments made at Ricegrowers Limited's Annual General Meeting

It is noted that at the 2014 AGM held on 22 August 2014 that the company received less than 25% 'no vote' on the Remuneration Report. Consequently, no additional disclosures have been triggered.

18 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 72.

19 Rounding of amounts

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

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

For and on behalf of the Board.

L Arthur
Chairman
23 June 2015

NG Graham
Deputy Chairman

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 73 to 120 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 April 2015 and of its performance for the financial year ended on that date, and

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

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

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

For and on behalf of the Board.

L Arthur
Chairman

NG Graham
Deputy Chairman

23 June 2015

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Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2015, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. 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.

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
23 June 2015

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Consolidated income statement

For the year ended 30 April 2015

	Note	2015 $000's	2014 $000's
Sales revenue	5	**1,238,130**	1,138,264
Other revenue	5	**8,085**	12,699
Revenue from continuing operations		**1,246,215**	1,150,963
Other income	6	**902**	1,757
Impairment of assets		**(1,994)**	–
Changes in inventories of finished goods		**(6,739)**	21,101
Raw materials and consumables used		**(736,231)**	(666,152)
Freight and distribution expenses		**(149,511)**	(168,559)
Employee benefits expense		**(118,774)**	(113,938)
Depreciation and amortisation expense	7	**(20,286)**	(19,330)
Finance costs		**(12,321)**	(15,281)
Other expenses	7	**(130,719)**	(136,815)
Share of net profit of associate accounted for using the equity method	13	**108**	293
Profit before income tax		**70,650**	54,039
Income tax expense	8	**(21,476)**	(20,519)
Profit for the year		**49,174**	33,520
Profit for the year is attributable to:			
Non-controlling interests		**5,749**	3,790
Ricegrowers Limited shareholders	23	**43,425**	29,730
		49,174	33,520
Earnings per share for profit attributable to B Class Shareholders			
Basic and diluted earnings (cents per share)	31	**77.9**	53.3

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

Consolidated statement of comprehensive income

For the year ended 30 April 2015

	Note	2015 $000's	2014 $000's
Profit for the year		**49,174**	33,520
Items that may be reclassified to the profit or loss			
Changes in fair value of cash flow hedges	**23**	**(3,781)**	(224)
Exchange differences on translation of foreign operations	**23**	**10,226**	(6,068)
Income tax relating to items of other comprehensive income	**23**	**1,122**	185
Other comprehensive income for the year, net of tax		**7,567**	(6,107)
Total comprehensive income for the year		**56,741**	27,413
Total comprehensive income for the year is attributable to:			
Non-controlling interests		**8,684**	1,915
Ricegrowers Limited shareholders		**48,057**	25,498
		56,741	27,413

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

Consolidated balance sheet

As at 30 April 2015

	Note	2015 $000's	2014 $000's
Current assets			
Cash and cash equivalents	9	**68,432**	84,810
Receivables	10	**142,587**	127,111
Inventories	11	**495,131**	413,178
Current tax receivable		**–**	2,101
Derivative financial instruments	12	**435**	5,105
Total current assets		**706,585**	632,305
Non-current assets			
Other financial assets		**46**	52
Property, plant and equipment	14	**217,586**	194,854
Investment properties	16	**1,150**	1,150
Intangibles	15	**8,485**	7,638
Deferred tax assets	17	**14,471**	12,470
Investments accounted for using the equity method	13	**1,861**	1,468
Total non-current assets		**243,599**	217,632
Total assets		**950,184**	849,937
Current liabilities			
Payables	18	**102,980**	83,524
Amounts payable to Australian Rice Growers	18	**174,638**	149,775
Borrowings	19	**117,637**	107,872
Current tax liabilities		**22,787**	12,061
Provisions	20	**20,597**	15,853
Derivative financial instruments	12	**2,279**	2,391
Total current liabilities		**440,918**	371,476
Non current liabilities			
Payables	18	**6,207**	7,243
Amounts payable to Australian Rice Growers	18	**31,301**	34,918
Borrowings	19	**104,885**	109,835
Provisions	20	**3,017**	2,445
Total non-current liabilities		**145,410**	154,441
Total liabilities		**586,328**	525,917
Net assets		**363,856**	324,020
Equity			
Contributed equity	22	**107,819**	107,819
Reserves	23	**17,415**	12,783
Retained profits	23	**219,254**	191,443
Capital & resources attributable to Ricegrowers Limited shareholders		**344,488**	312,045
Non-controlling interests		**19,368**	11,975
Total equity		**363,856**	324,020

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

Consolidated statement of changes in equity

For the year ended 30 April 2015

	Contributed equity	Reserves	Retained Profits	Parent entity interest	Non-controlling interests	Total Equity
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	$000's
Balance as at 1 May 2014	**107,819**	**12,783**	**191,443**	**312,045**	**11,975**	**324,020**
Profit for the year	**–**	**–**	**43,425**	**43,425**	**5,749**	**49,174**
Other comprehensive income	**–**	**4,632**	**–**	**4,632**	**2,935**	**7,567**
Total comprehensive income for the year	**–**	**4,632**	**43,425**	**48,057**	**8,684**	**56,741**
Transactions with owners in their capacity as owners:						
Dividends paid	**–**	**–**	**(15,614)**	**(15,614)**	**(1,291)**	**(16,905)**
	–	**–**	**(15,614)**	**(15,614)**	**(1,291)**	**(16,905)**
Balance as at 30 April 2015	**107,819**	**17,415**	**219,254**	**344,488**	**19,368**	**363,856**

	Contributed equity	Reserves	Retained Profits	Parent entity interest	Non-controlling interests	Total Equity
	$000's	$000's	$000's	$000's	$000's	$000's
Balance as at 1 May 2013	107,819	17,015	174,538	299,372	14,925	314,297
Profit for the year	–	–	29,730	29,730	3,790	33,520
Other comprehensive income	–	(4,232)	–	(4,232)	(1,875)	(6,107)
Total comprehensive income for the year	–	(4,232)	29,730	25,498	1,915	27,413
Transactions with owners in their capacity as owners:						
Dividends paid	–	–	(12,825)	(12,825)	(4,865)	(17,690)
	–	–	(12,825)	(12,825)	(4,865)	(17,690)
Balance as at 30 April 2014	107,819	12,783	191,443	312,045	11,975	324,020

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

Consolidated cash flow statement

For the year ended 30 April 2015

	Note	2015 $000's	2014 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,237,413**	1,196,006
Payments to suppliers (inclusive of goods and services tax)		**(662,564)**	(684,200)
Payments of wages, salaries and on-costs		**(111,496)**	(114,732)
Interest received		**1,126**	4,886
Other revenue		**2,356**	785
Interest paid		**(11,883)**	(15,891)
Income taxes paid		**(10,706)**	(25,750)
		444,246	361,104
Payments to growers		**(408,594)**	(266,565)
Net cash inflow from operating activities	**30**	**35,652**	94,539
Cash flows from investing activities			
Payments for property, plant and equipment		**(34,443)**	(31,922)
Proceeds from sale of property, plant and equipment		**469**	4,419
Payments for intangibles		**(337)**	(365)
Payment for purchase of subsidiary net of cash acquired	**35**	**(4,216)**	–
Net cash outflow from investing activities		**(38,527)**	(27,868)
Cash flows from financing activities			
Proceeds from borrowings		**251,091**	105,001
Repayment of borrowings		**(229,214)**	(224,220)
Repayment of finance leases		**(842)**	(948)
RMB equity redemptions	**18**	**(2,797)**	(2,363)
Dividends paid to non controlling interests		**(3,113)**	(3,085)
Dividends paid to company's shareholders		**(15,614)**	(12,825)
Net cash outflow from financing activities		**(489)**	(138,440)
Net decrease in cash and cash equivalents		**(3,364)**	(71,769)
Cash and cash equivalents at the beginning of the financial year		**64,461**	134,413
Effect of exchange rate changes on cash and cash equivalents		**4,306**	1,817
Cash and cash equivalents at end of year	**9**	**65,403**	64,461

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

Notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation of financial statements

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

Compliance with IFRS

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

New and amended standards adopted by the Group

Interpretation 21 Accounting for Levies

The interpretation applies to all levies imposed by governments in accordance with legislation, but excludes income taxes from its scope. The interpretation confirms that the obligating event is the event that triggers the obligation to pay the levy under the legislation and a liability is recognised when the obligating event occurs.

AASB 2013-2 Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting rules in AASB 132 *Financial Instruments: Presentation* and explain when offsetting can be applied. In particular, they clarify that the right of set-off must be available today (ie not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting

The amendment allows the continuation of hedge accounting when a novation (replacement of one party of the derivative contract with a new party) occurs provided specific conditions are met.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

Requires disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed.

The adoption of AASB 2013-3 had a small impact on the impairment disclosures. The adoption of the other standards didn't have a material impact on the financial statements.

Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting periods beginning after 1 May 2015.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, investment property and derivative financial instruments that are measured at fair value.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. 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 4.

(b) Principles of consolidation

(i) Subsidiaries

Ricegrowers Limited ("company" or "parent entity") and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

Subsidiaries are all those entities over which the Group has control in accordance with AASB 10. Control includes the power to direct the activities which significantly affect the subsidiaries return, the rights to the variable returns of the subsidiary and the ability of the parent to exercise power to affect returns. The existence of all substantive rights are considered when assessing whether the parent has power over a subsidiary.

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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Associates

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

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 other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

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

(c) Foreign currency translation

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

Transactions denominated in a foreign currency are converted at the exchange rate achieved over the reporting period. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the period or, where the purchase is not hedged, inventory is translated at the spot rate on the date of purchase. Foreign currency receivables and payables at balance date are translated at exchange rates current at that date. Resulting exchange gains and losses are recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

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

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(d) Investments and other financial assets
The group classifies its financial assets in the following categories:

– loans and receivables, and

– available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

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. Subsequent to their initial recognition they are carried at amortised cost using the effective interest method, less provision for impairment.

Available-for-sale financial assets are subsequently carried at fair value except when the fair value cannot be measured reliably. They are then carried at cost less impairment.

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

(f) Inventory
Raw materials, finished goods and packaging materials have been valued on the basis of the lower of cost or net realisable value. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventory. Raw materials, finished goods, consumable stores and packaging materials 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 with recovery on the basis of normal operating capacity. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

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

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

The expected useful lives are as follows:

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

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

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

(h) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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

(i) Intangible assets
Goodwill represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired assets and acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired. 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 IT 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) Trade receivables and accounts payable
Trade receivables are due for settlement within 30 days from date of recognition. Bad debts are written off in the period in which they are identified. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement within other expenses. When a trade receivable for which a provision has been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Trade accounts payable including accounts not yet billed are recognised when the consolidated entity becomes obliged to make future payments as a result of provision of assets, goods or services. Trade accounts payable are unsecured and generally settled within 45 days. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(l) Borrowings (continued)
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. Grower payables also comprises the next financial year's pool payments where paddy rice for next years pool is received before the balance date. The portion of the payable in respect of the current financial year is based on the final paddy price for the year, with a portion in respect of paddy rice received for the next financial year based on that year's budgeted paddy price.

(n) Employee benefits
Short term obligations
Liabilities for wages and salaries, sick 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 term obligations
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 using the projected unit credit method. 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

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

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

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

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

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

(o) Income tax (continued)

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

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

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(p) Financial Instruments

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

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

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 re-measured 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 other highly liquid investment with original maturities of three months or less that are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

1 Summary of significant accounting policies (continued)

(r) Revenue recognition

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

(s) Leases

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

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

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

(t) Business Combinations

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

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

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

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 group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Any change in the provision amount is recognised in the consolidated income statement.

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

(x) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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

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

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

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

(ac) New accounting standards and interpretations
(i) AASB 9 Financial Instruments (effective for year ending 30 April 2019)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting. The standard is expected to have no material effect on the Group's accounting for financial instruments.

(i) AASB 15 Revenue from contracts with customers (effective for year ending 30 April 2018)
AASB 15 clarifies that revenue must be recognised when goods or services are transferred to the customer, at the transaction price. The standard is expected to have no material effect on the Group's accounting for revenue recognition.

There are no other standards that are effective for periods beginning on or after 1 May 2015 and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(ad) Parent entity information

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

(i) Investments in subsidiaries

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

(ii) Tax consolidation legislation

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

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

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

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

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

2 Financial risk management

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

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).

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.

2 Financial risk management (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 main exposure to foreign currency risk at the reporting date denominated in USD.

	2015 USD 000's	2014 USD 000's
Cash	**5,639**	1,941
Trade receivables	**112,357**	86,811
Trade payables	**(64,600)**	(38,307)
Forward exchange contracts:		
— selling foreign currency	**(268,400)**	(194,700)
— buying foreign currency	**38,952**	69,265
Net exposure – (selling currency)/buying currency	**(176,052)**	(74,990)

Sensitivity analysis
At 30 April 2015, had the US dollar increased by 5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $1,674,000 higher (2014 – a change of 5 cents: $1,132,000 higher) and other equity would have been $1,305,000 lower (2014: $4,349,000 lower) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

At 30 April 2015, had the US dollar decreased by 5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $950,000 lower (2014 – a change of 5 cents: $1,017,000 lower) and other equity would have been $3,982,000 higher (2014: $3,905,000 higher) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

Ricegrowers Limited sells milled rice to its subsidiary Trukai Industries, with sales denominated in US dollars. The Kina is currently pegged against the US dollar at 37 cents. If the exchange rate deteriorates significantly this will impact the SunRice Group's future profitability.

Due to a current lack of liquidity of USD in PNG the intercompany payable balance as at 30 April 2015 was USD46m (net of cash held). At 30 April 2015 had the US dollar increased by 5 cents to the Kina with all other variables held constant, the Group's post tax profit for the year would have been $5,550,000 lower (2014: $2,360,000 lower). There would be no impact on equity at 30 April 2015 or 30 April 2014.

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

2 Financial risk management (continued)

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

The Group had the following variable rate cash at bank, borrowings and interest rate swap contracts outstanding:

	Weighted average interest rate %	**Balance $000's**
30 April 2015		
Cash at bank	**5.7**	**52,329**
Bank loans and bank overdrafts	**3.5**	**(216,091)**
Interest rate swap (notional principal amount)	**1.5**	**53,000**
Net exposure to cash flow interest rate risk		**(110,762)**

	Weighted average interest rate %	Balance $000's
30 April 2014		
Cash at bank	3.0	20,798
Bank loans and bank overdrafts	4.1	(194,420)
Interest rate swap (notional principal amount)	4.0	71,000
Net exposure to cash flow interest rate risk		(102,622)

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

Sensitivity analysis
At 30 April 2015, 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 $365,000 lower/higher (2014: $180,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

(b) Credit risk
Credit risk arises from cash and cash equivalents, derivative financial instruments with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard and Poor's A minus are accepted. Domestic customers are assessed for credit quality taking into account their financial position, past experience, trade references, ASIC searches and other factors. Export customers trading terms are secured by letter of credit, telegraphic transfer, cash against documents or documentary collection and prepayment. Individual risk limits are set in accordance with the limits set by the Board. Compliance with credit limits is regularly monitored by management. Further information about the quality of receivables is set out in note 10.

(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.

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Financing arrangements

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

	2015 $000's	2014 $000's
Floating rate:		
Bank overdraft – expiring within one year	**–**	9,660
Bank loans – expiring within one year	**250,909**	168,000
Bank loans – expiring beyond one year	**42,000**	42,000
	292,909	219,660

Undrawn bank loans – expiring within one year were affected by rain delays impacting the timing of receipt of the C14 crop.

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

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities. The amounts disclosed in the 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.

30 April 2015	**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	**231,677**	**58,892**	**–**	**–**	**290,569**	**290,569**
Variable rate	**114,184**	**98,091**	**5,000**	**–**	**217,275**	**216,091**
Fixed rate	**4,761**	**1,720**	**–**	**–**	**6,481**	**5,402**
Total non-derivatives	**350,622**	**158,703**	**5,000**	**–**	**514,325**	**512,062**
Derivatives						
Interest rate swaps – net settled	**1,276**	**871**	**112**	**–**	**2,259**	**2,259**
Foreign currency contracts – gross settled						
(inflow)	**263,013**	**–**	**–**	**–**	**263,013**	**(415)**
outflow	**(263,428)**	**–**	**–**	**–**	**(263,428)**	**–**
Total derivatives	**861**	**871**	**112**	**–**	**1,844**	**1,844**

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

30 April 2014	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	223,769	37,708	4,453	–	265,930	265,930
Variable rate	92,117	4,697	112,383	–	209,197	194,420
Fixed rate	21,355	1,019	1,088	646	24,108	24,050
Total non-derivatives	337,241	43,424	117,924	646	499,235	484,400
Derivatives						
Interest rate swaps – net settled	651	274	442	–	1,367	1,367
Foreign currency contracts – gross settled						
(inflow)	292,206	–	–	–	292,206	(4,080)
outflow	(296,286)	–	–	–	(296,286)	–
Total derivatives	(3,429)	274	442	–	(2,713)	(2,713)

3 Fair value measurement of financial instruments

The Group's financial instruments carried at fair value are limited to currency and interest rate derivatives. The Group's financial instruments that are carried at fair value are valued using observable market data as there is no price quoted in an active market for the financial instruments (level 2). The fair value of derivative financial instruments are determined based on dealer quotes for similar instruments. The valuation inputs are calculated in accordance with industry norms and the inputs include spot market exchange rates and published interest rates.

The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 imputs. A limited number of items are classified as level 3:

- the fair value of contingent consideration payable in relation to the acquisition of Blue Ribbon (see note 35 – Business Combination). The fair value has been determined by reference to the future expected discounted cash outflow using a risk-adjusted discount rate.
- the investment property (see note 16) for which the fair value is determined by an independent valuation
- the impairment on a Riviana plant for which the fair value of the land, building and property, plant and equipment has been determined by an independent valuation (see note 14 – Property, plant and equipment)

The Directors consider the carrying amounts of other financial instruments approximates their fair value due to either their short term nature or being at market rates. These financial instruments include receivables, payables, bank overdrafts, bank loans and grower payables.

4 Critical accounting estimates and judgements

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

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

(i) Impairment of assets
The Group tests for impairment of goodwill and other non-current assets in accordance with note 1(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations with the exception land and building and plant and equipment in Sunfoods and a plant of Riviana that have been valued using fair value less cost of disposal. These calculations required the use of assumptions. Refer to note 15 for the details of these assumptions used for goodwill impairment testing.

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

(iii) Deferred tax assets not recognised for capital losses and USA related revenue losses.
The Group has not recognised deferred tax assets for capital losses as the group does not believe it is probable that taxable capital gains will arise against which capital losses can be utilised. The group has also not recognised deferred tax assets for revenue tax losses in the USA as the Group considers it is inappropriate to recognise such deferred tax assets until such time as the group begins to generate taxable income against which these losses can be utilised. Refer to note 8(d) for further details on unrecognised deferred tax assets.

5 Revenue

	2015 $000's	2014 $000's
Sales revenue		
Sale of goods	**1,237,450**	1,136,582
Services	**680**	1,682
	1,238,130	1,138,264
Other revenue		
Interest received	**1,147**	4,980
Other sundry items	**6,938**	7,719
	8,085	12,699
	1,246,215	1,150,963

6 Other income

Net gain on disposal of property, plant and equipment	**83**	249
Foreign exchange gains	**819**	1,508
	902	1,757

7 Expenses

Profit before income tax includes the following specific expenses:

	2015 $000's	2014 $000's
Contributions to employee superannuation plans	**3,849**	4,004
Depreciation and amortisation		
Buildings	**7,463**	7,360
Leased assets	**421**	410
Plant and equipment	**10,105**	9,924
Leasehold improvements	**996**	382
Patents/brands and software	**1,301**	1,254
Total depreciation and amortisation expense	**20,286**	19,330
Other expenses		
Energy	**17,793**	22,479
Contracted services	**18,694**	19,666
Operating lease expenditure	**8,837**	8,138
Research and development	**3,105**	4,012
Advertising and artwork	**25,121**	22,116
Net loss on disposal of property, plant and equipment	**288**	–
Repairs and Maintenance	**12,347**	11,397
Insurance	**2,819**	3,438
Equipment Hire	**3,821**	4,318
Training	**1,113**	1,110
Internet, telephone and fax	**2,700**	2,330
Vehicles and travel	**6,842**	7,096
Capital restructuring costs	**1,356**	2,840
Other	**25,883**	27,875
Total other expenses	**130,719**	136,815

8 Income tax expense

(a) Income tax expense

	2015 $000's	2014 $000's
Current tax expense	**(24,225)**	(19,301)
Deferred tax benefit/(expense)	**929**	(1,927)
Adjustments for current tax of prior periods	**1,820**	709
Income tax expense attributable to profit from continuing operations	**(21,476)**	(20,519)
Deferred income benefit/(expense) included in income tax expense comprises:		
Increase/(decrease) in deferred tax assets (note 17)	**1,497**	(1,090)
Increase in deferred tax liabilities (note 21)	**(568)**	(837)
	929	(1,927)

8 Income tax expense (continued)

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

	2015 $000's	2014 $000's
Profit from continuing operations before related income tax	**70,650**	54,039
Income tax expense calculated at the Australian rate of tax of 30% (2014: 30%)	**(21,195)**	(16,212)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Entertainment	**(95)**	(43)
Research & development	**185**	186
Overseas withholding tax on subsidiary dividends	**374**	(1,438)
Double taxation of foreign subsidiary income under Australian attribution rules	**–**	(643)
Impairment of assets	**(323)**	–
Sundry items	**(946)**	432
	(805)	(1,506)
Tax effect of tax losses and temporary differences not recognised	**(1,296)**	(2,201)
Difference in overseas tax rates	**–**	108
Adjustments for prior periods	**1,820**	(708)
Income tax expense	**(21,476)**	(20,519)

(c) Tax relating to items of other comprehensive income

Cash flow hedges	**(1,122)**	185
	(1,122)	185

(d) Tax consolidation legislation

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

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

The Group has not recognised deferred tax assets for capital losses of $8,101,000 (2014: $6,835,000) in Australia and the USA as the Group does not believe it is probable that taxable capital gains will arise against which capital losses can be utilized. The Group has also not recognised deferred tax assets for revenue tax losses of $14,078,000 (2014: $11,463,000) in the USA as the Group does not believe it is probable that future taxable amounts will be available to utilise the losses. The Group will reassess this position should conditions in the USA improve.

9 Cash and cash equivalents

	2015 $000's	2014 $000's
Cash at bank and on hand	**68,432**	84,810
	68,432	84,810

The Group manages its cash and borrowings on a net basis. At 30 April 2015, the Group had $68,432,000 (2014: 84,810,000) in cash at bank and on deposit. This needs to be notionally off-set against total borrowings of $222,522,000 (2014: $217,707,000) and the amounts owing to RMB for equity certificates of $5,720,000 (2014: $8,517,000). At 30 April 2015, Net Debt was $159,810,000 (2014: $141,414,000).

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

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

Cash and cash equivalents	**68,432**	84,810
Less: Bank overdraft (note 19)	**(3,029)**	(20,349)
Balances per statement of cash flows	**65,403**	64,461

(b) Risk exposure

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

10 Receivables

	2015 $000's	2014 $000's
Current		
Trade receivables	**123,339**	104,405
Provision for impairment of receivables (note a)	**(1,451)**	(623)
	121,888	103,782
Other receivables	**1,234**	3,433
GST receivable	**13,623**	8,897
Prepayments	**5,842**	10,999
	142,587	127,111

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

1 to 3 months	**–**	32
3 to 6 months	**48**	489
Over 6 months	**1,403**	205
	1,451	726

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

10 Receivables (continued)

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

	2015 $000's	2014 $000's
At 1 May	**623**	1,690
Provision for impairment recognised during the year	**970**	578
Receivables written off during the year as uncollectible	**(128)**	(760)
Amounts subsequently collected	**(122)**	(858)
Foreign currency difference on translation	**108**	(27)
At 30 April	**1,451**	623

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.

The directors are satisfied that debtors are fairly valued with respect to credit risk. Of the total trade receivables outstanding 96% (2014: 96%) are current, 2% (2014: 3%) are at 30 days, 1% (2014: 0%) are at 60 days and 2% (2014: 1%) are overdue. The directors have no reason to believe amounts not provided for will not be collected in full.

(b) Past due but not impaired

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

Up to 3 months	**4,251**	3,379
3 to 6 months	**460**	362
	4,711	3,741

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

(c) Fair values

Due to the short term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

(d) Risk exposure

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

11 Inventories

	2015 $000's	2014 $000's
Raw materials	**345,124**	264,633
Finished goods	**128,641**	133,079
Packaging materials	**12,495**	9,108
Engineering and consumable stores	**8,871**	6,358
	495,131	413,178

12 Derivative financial instruments

	2015 $000's	2014 $000's
Current assets		
Forward foreign exchange contracts (cash flow hedges)	**435**	5,105
	435	5,105
Current liabilities		
Interest rate swaps (cash flow hedges)	**2,259**	1,367
Forward foreign exchange contracts (cash flow hedges)	**20**	1,024
	2,279	2,391

(a) Instruments used by the Group

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

(i) Interest rate swaps – cash flow hedges

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

Swaps currently in place cover 51.4% (2014: 66.4%) of the Obligor Group core debt and AGS bank loans. The fixed interest rates range between 3.55% – 4.805% (2014: 2.93% – 4.805%) and the variable rates are between 3.13% and 3.88% (2014: 4.31% and 4.61%).

The gain or loss from re-measuring 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 Group enters into forward foreign exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a pre-determined exchange rate. The contracts are entered into to hedge certain firm purchase and sale commitments for the ensuing year denominated in foreign currencies. The timing of cash flows and the effect on the Income statement are materially the same.

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

(b) Risk exposure

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

13 Investments accounted for using the equity method

	2015 $000's	2014 $000's
Shares in associates	**1,861**	1,468

Information relating to the associate is set out below.

Name of company	**Principal activity**	**Ownership interest** 2015	2014
Pagini Transport (incorporated in Papua New Guinea)	Transport	**28.85%**	28.85%

	Consolidated 2015 $000's	2014 $000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**1,468**	1,113
Share of profit after related income tax	**108**	293
Foreign currency difference	**285**	62
Carrying amount at the end of the financial year	**1,861**	1,468
(b) Share of associates' losses		
Profit before related income tax	**108**	293
Income tax benefit	**–**	–
Loss after related income tax	**108**	293

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

	Assets $000's	Liabilities $000's	Revenues $000's	Profits $000's
2015	**14,285**	**7,593**	**2,580**	**375**
2014	11,331	6,243	2,163	1,016

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

14 Property, plant and equipment

	2015 $000's	2014 $000's
Freehold land		
At cost	**13,154**	12,912
	13,154	12,912
Buildings		
At cost	**198,094**	187,382
Less accumulated depreciation	**(83,657)**	(75,936)
	114,437	111,446
Leasehold improvements		
At cost	**16,379**	10,731
Less accumulated depreciation	**(5,737)**	(4,425)
	10,642	6,306
Plant and equipment		
At cost	**227,895**	191,730
Less accumulated depreciation	**(155,451)**	(143,638)
Under finance lease	**3,513**	3,328
Less accumulated depreciation	**(2,591)**	(2,421)
	73,366	48,999
Capital works in progress		
At cost	**5,987**	15,191
	217,586	194,854

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 $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2014	**124,358**	**6,306**	**48,999**	**15,191**	**194,854**
Additions	**1,807**	**2,580**	**6,246**	**27,906**	**38,539**
Recognition of finance lease	**–**	**–**	**436**	**–**	**436**
Capital works in progress reclassifications	**8,331**	**1,394**	**27,721**	**(37,446)**	**–**
Transfers/disposals/scrapping	**(119)**	**71**	**(620)**	**–**	**(668)**
Depreciation expense	**(7,463)**	**(996)**	**(10,526)**	**–**	**(18,985)**
Impairment	**(1,393)**	**–**	**(601)**	**–**	**(1,994)**
Foreign currency differences	**2,070**	**1,287**	**1,711**	**336**	**5,404**
Carrying amount at 30 April 2015	**127,591**	**10,642**	**73,366**	**5,987**	**217,586**

14 Property, plant and equipment (continued)

The impairment recognised in 2015 is the consequence of lower trading performance of a division of Riviana. The residual carrying value of these assets as at 30 April 2015 is supported by an independent valuation amounting to $4,565,000 based on the market value of the land and replacement cost of the plant and equipment.

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
	$000's	$000's	$000's	$000's	$000's
Carrying amount at 1 May 2013	130,704	7,236	44,460	2,810	185,210
Additions	795	49	2,990	28,088	31,922
Recognition of finance lease	–	–	863	–	863
Capital works in progress reclassifications	3,493	64	11,644	(15,201)	–
Transfers/disposals/scrapping	(3,515)	–	(558)	(290)	(4,363)
Depreciation expense	(7,360)	(382)	(10,334)	–	(18,076)
Foreign currency differences	241	(661)	(66)	(216)	(702)
Carrying amount at 30 April 2014	124,358	6,306	48,999	15,191	194,854

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 fixed assets as disclosed in note 19.

Notes to the financial statements continued

15 Intangibles

	2015 $000's	2014 $000's
Goodwill	**4,299**	2,819
Patents and brands	**8,637**	8,637
Less accumulated amortisation	**(5,811)**	(5,830)
	2,826	2,807
Software	**6,124**	5,743
Less accumulated amortisation	**(4,997)**	(4,164)
	1,127	1,579
Other	**1,000**	1,000
Less accumulated amortisation	**(767)**	(567)
	233	433
	8,485	7,638

	Goodwill $000's	Brands $000's	Software $000's	Other $000's	Total $000's
Carrying amount at 1 May 2014	**2,819**	**2,807**	**1,579**	**433**	**7,638**
Additions	**1,475**	**–**	**337**	**–**	**1,812**
Amortisation charge	**–**	**(313)**	**(788)**	**(200)**	**(1,301)**
Foreign exchange difference on translation	**5**	**332**	**(1)**	**–**	**336**
Carrying amount at 30 April 2015	**4,299**	**2,826**	**1,127**	**233**	**8,485**

	Goodwill $000's	Brands $000's	Software $000's	Other $000's	Total $000's
Carrying amount at 1 May 2013	2,819	2,853	1,146	633	7,451
Additions	–	–	365	–	365
Recognition of finance lease	–	–	819	–	819
Amortisation charge	–	(297)	(757)	(200)	(1,254)
Disposals	–	–	(8)	–	(8)
Foreign exchange difference on translation	–	251	14	–	265
Carrying amount at 30 April 2014	2,819	2,807	1,579	433	7,638

15 Intangibles (continued)

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

	2015 $000's	2014 $000's
Global Rice	**34**	29
Brandon Mill	**1,475**	–
Riviana Foods	**2,605**	2,605
CopRice	**185**	185
	4,299	2,819

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management for the forthcoming year. Cash flows beyond the 2015 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

	Growth Rate		Discount Rate	
CGU	**2015 %**	2014 %	**2015 %**	2014 %
Global Rice & Brandon Mill	**2.0**	2.9	**13.0**	13.0
Riviana Foods	**2.0**	2.9	**12.7**	11.7
CopRice	**2.0**	2.9	**12.5**	12.5

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

Sensitivity to changes in assumptions
No reasonable change in assumptions above would give rise to an impairment in the Riviana, Coprice, Global Rice and Brandon Mill cash generating units.

16 Investment properties

	2015 $000's	2014 $000's
At fair value		
Opening balance at 1 May	**1,150**	1,150
Closing balance at 30 April	**1,150**	1,150

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

17 Deferred tax assets

	2015 $000's	2014 $000's
The balance comprises temporary differences attributable to:		
Provisions	**7,246**	6,959
Accruals	**736**	1,076
Depreciation	**5,555**	5,779
Foreign exchange	**–**	2
Inventories	**3,412**	1,821
Other	**405**	–
	17,354	15,637
Interest rate swaps	**762**	717
Total deferred tax assets	**18,116**	16,354
Set-off of deferred tax liabilities pursuant to set-off provisions (note 21)	**(3,645)**	(3,884)
Net deferred tax assets	**14,471**	12,470
Deferred tax assets expected to be recovered within 12 months	**11,089**	3,616
Deferred tax assets expected to be recovered after more than 12 months	**7,027**	12,738
	18,116	16,354
Movements		
Opening balance at 1 May	**16,354**	17,249
Credited/(charged) to income statement	**1,497**	(1,090)
Foreign exchange differences on translation	**233**	(125)
Credited to other comprehensive income	**32**	320
Closing balance at 30 April	**18,116**	16,354

18 Payables

	2015 $000's	2014 $000's
Current		
Trade and other payables	**101,710**	80,740
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	**1,270**	2,784
Total external trade payables	**102,980**	83,524
Amounts payable to Australian rice growers	**174,638**	149,775
	277,618	233,299
Non-current		
Trade and other payables	**1,757**	1,510
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	**4,450**	5,733
Total external trade payables	**6,207**	7,243
Amounts payable to Australian rice growers	**31,301**	34,918
	37,508	42,161

18 Payables (continued)

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

(a) Fair values

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

(b) Risk exposure

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

19 Borrowings

	2015 $000's	2014 $000's
Current		
Secured		
Bank overdrafts	**3,029**	20,349
Net accrued interest and capitalised borrowing costs	**(224)**	(866)
Bank loans	**114,313**	87,684
Lease liability (note 26)	**519**	705
	117,637	107,872
Non current		
Secured		
Bank loans	**104,388**	109,118
Lease liability (note 26)	**497**	717
	104,885	109,835

The Group manages its cash and borrowings on a net basis. At 30 April 2015, the Group had total borrowings of $222,522,000 (2014: $217,707,000) and the amounts owing to RMB for equity certificates of $5,720,000 (2014: $8,517,000). It also had $68,432,000 (2014: $84,810,000) in cash at bank and on deposit. This needs to be notionally off-set against borrowings. At 30 April 2015 Net Debt was $159,810,000 (2014: $141,414,000).

(a) Significant terms and conditions of bank facilities

During the 2015 financial year, Ricegrowers Limited renegotiated its seasonal syndicated banking facility. The seasonal debt facility of $250m was increased to $360m and the maturity date was extended to 31 March 2016. The total facility limit of $465m is $110m higher than the prior year.

Ricegrowers Limited also has a $5m money market lending facility expiring 31 March 2016.

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

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

There were no covenants breached during the period.

19 Borrowings (continued)

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

(c) Carrying amount of all assets pledged as security
There is a fixed and floating charge over all fixed assets as described above.

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

The Group's bank loans are categorised as follows:

	2015 $000's	2014 $000's
Seasonal debt	**112,892**	87,000
Core debt	**65,494**	65,802
AGS debt	**40,091**	44,000
	218,477	196,802
Representing:		
Current bank loans	**114,089**	87,684
Non-current bank loans	**104,388**	109,118
	218,477	196,802

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

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

AGS debt
The AGS debt represents loans to Australian Grain Storage Pty Ltd to pay the Rice Marketing Board as part of the acquisition of the RMB storage assets. This facility of $44m has a maturity date of 30 November 2016.

20 Provisions

	2015 $000's	2014 $000's
Current		
Employee benefits (note 27)	**16,439**	15,018
Employee allowances	**163**	177
Directors' retirement benefits	**483**	658
Other	**3,512**	–
	20,597	15,853
Non current		
Employee benefits (note 27)	**3,017**	2,445
	3,017	2,445

20 Provisions (continued)

(a) Aggregate employee entitlement benefits

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

(b) Fair values

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

21 Deferred tax liabilities

	2015 $000's	2014 $000's
The balance comprises temporary differences attributable to:		
Prepayments	**43**	82
Inventories	**3,417**	2,475
Foreign exchange	**–**	348
Other	**55**	192
	3,515	3,097
Foreign exchange contracts	**130**	787
Total deferred tax liabilities	**3,645**	3,884
Set-off of deferred tax liabilities pursuant to set-off provisions (note 17)	**(3,645)**	(3,884)
Net deferred tax liabilities	**–**	–
Deferred tax liabilities expected to be settled within 12 months	**3,645**	3,884
	3,645	3,884
Movements		
Opening balance at 1 May	**3,884**	2,729
Charged to income statement	**568**	837
Foreign exchange difference on translation	**283**	(187)
(Credited)/charged to other comprehensive income	**(1,090)**	505
Closing balance at 30 April	**3,645**	3,884

22 Contributed equity

	2015 $000's	2014 $000's
(a) Share capital		
Fully paid Ordinary B Class Shares	**107,819**	107,819

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

New shares issues have been halted whilst the Company reviews its capital structure. The number of B class shares on issue remains unchanged at 55,762,392 (2014: 55,762,392).

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

At 30 April 2015, 1,045 (2014: 1,045) A Class shares were on issue.

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

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

The gearing ratios at 30 April 2015 and 30 April 2014 were as follows:

	Notes	2015 $000's	2014 $000's
Total borrowings	19	**222,522**	217,707
Add: amounts owing to the RMB for equity certificates	18	**5,720**	8,517
Less: cash and cash equivalents	9	**(68,432)**	(84,810)
Net debt		**159,810**	141,414
Total equity		**363,856**	324,020
Gearing ratio		**44%**	44%

23 Reserves and retained profits

	2015 $000's	2014 $000's
Reserves		
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(14,491)**	(21,433)
Hedging reserve – cash flow hedges	**(1,464)**	846
	17,415	12,783
Retained profits	**219,254**	191,443

23 Reserves and retained profits (continued)

(a) Movements

	2015 $000's	2014 $000's
Foreign currency translation reserve		
Balance 1 May	**(21,433)**	(17,166)
Net exchange difference on translation of overseas controlled entities	**10,226**	(6,068)
Non controlling interest in translation differences	**(3,284)**	1,801
Balance 30 April	**(14,491)**	(21,433)
Hedging reserve – cash flow hedges		
Balance 1 May	**846**	811
Revaluation and transfer to profit and loss or inventory – gross	**(3,781)**	(224)
Deferred tax	**1,122**	185
Non controlling interest	**349**	74
Balance 30 April	**(1,464)**	846
Retained profits		
Balance 1 May	**191,443**	174,538
Net profit for the year	**43,425**	29,730
Dividends provided for or paid	**(15,614)**	(12,825)
Balance 30 April	**219,254**	191,443

(b) Nature and purpose of reserves

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

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

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

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

24 Franked dividends

	2015 $000's	2014 $000's
Final dividend declared during the year ended 30 April 2014 of 23 cents (2013: 23 cents) per fully paid share	**12,825**	12,825
Special dividend for the year ended 30 April 2015 of 5 cents per fully paid share	**2,789**	–
Total dividend paid	**15,614**	12,825

The dividend of $12,825,350 (2014: $12,825,350) relates to a dividend declared and paid in respect of the 2014 (2014: 2013) financial year and was fully franked.

The franked portions of the final dividend recommended after 30 April 2015 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 2016:

	2015 $000's	2014 $000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%)	**58,358**	54,772

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

(a) franking credits that will arise from the payment of the amount of the provision for income tax,

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $6,214,000 (2014 – $5,497,000).

25 Contingencies

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

	2015 $000's	2014 $000's
Letters of credit	**725**	261
Guarantee of bank advances	**2,436**	2,690
	3,161	2,951

26 Commitments for expenditure

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

	2015 $000's	2014 $000's
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	**2,849**	11,250

26 Commitments for expenditure (continued)

(b) Lease commitments

	2015 $000's	2014 $000's
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	**7,459**	6,431
Later than one year but not later than five years	**15,350**	17,948
Later than five years	**4,630**	5,536
	27,439	29,915
Representing:		
Cancellable operating leases	**27,439**	29,915
Commitments in relation to finance leases are payable as follows:		
Within one year	**(557)**	742
Later than one year but not later than five years	**(513)**	738
Minimum lease payments	**(1,070)**	1,480
less: future finance charges	**54**	(58)
Recognised as a liability	**(1,016)**	1,422
Representing lease liabilities:		
Current (note 19)	**519**	705
Non current (note 19)	**497**	717
	1,016	1,422

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

27 Employee benefits

(a) Employee benefits and related on cost liabilities

	2015 $000's	2014 $000's
Provision for employee benefits (note 20)		
Current	**16,439**	15,018
Non-current	**3,017**	2,445
Aggregate employee entitlement benefits	**19,456**	17,463

Employee numbers	**Number**	Number
Average number of employees during the year	**2,286**	2,156

(b) Superannuation plan/commitments

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

Notes to the financial statements continued

28 Investments in subsidiaries

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

Subsidiaries

Name of entity	Country of Incorporation	Principal activities	Direct/indirect interest in ordinary shares/equity	
			2015 %	2014 %
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
Bligh Funds Management	Australia	Inactive	**100**	100

Non-controlling interests

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

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

Non-controlling interests hold 35,000 units in SunFoods LLC, being 35% of the operation.

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is disclosed at note 34.

29 Related party transactions

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

29 Related party transactions (continued)

(c) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

	2015 $	2014 $
Short term employee benefits	**4,645,940**	5,036,781
Post-employment benefits	**231,592**	251,142
Termination benefits	**–**	106,002
Other long-term benefits	**614,105**	453,000
	5,491,637	5,846,925

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

(ii) Share holdings

Director	Directors' and other KMP interests in A and B Class shares of Ricegrowers Limited			
	2015		2014	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
NG Graham	**1**	**100,897**	1	100,897
GA Andreazza	**1**	**80,279**	1	80,279
LJ Arthur	**1**	**233,818**	1	233,818
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**–**	**29,838**	–	29,838
DM Robertson	**1**	**224,539**	1	224,539
AD Walsh	**1**	**500,350**	3	500,350

R Gordon and PM Margin do not hold any shares.

	2015 B Class Shares	2014 B Class Shares
Other Key Management Personnel		
M Bazley	**19,491**	19,491
D Keldie	**14,784**	14,784

Key management personnel not listed did not hold any shares.

No shares were issued to/(redeemed by) Directors of Ricegrowers Limited, their Director related entities and other Key Management Personnel during the year.

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

Issuing entity	2015	2014
Ricegrowers Limited	**1,271,426**	1,271,428

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

Notes to the financial statements continued

29 Related party transactions (continued)

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

(iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party

	2015 $000's	2014 $000's
Purchases of rice from Directors	**5,364**	4,442
Sale of inputs to Directors	**147**	156
Sale of stockfeed to Directors	**–**	8

There were no transactions with other Key Management Personnel.

30 Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 $000's	2014 $000's
Profit for the year	**49,174**	33,520
Depreciation and amortisation	**20,286**	19,330
Loss/(gain) on sale/disposal of property, plant and equipment	**205**	(249)
Net exchange differences	**(1,119)**	(7,885)
Impairment of non-current assets	**1,994**	–
Share of associate's net profit	**(108)**	(293)
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(20,633)**	23,215
Decrease in other operating assets	**5,157**	232
(Increase)/decrease in inventories	**(82,104)**	43,186
Increase/(decrease) in amounts payable to growers	**21,400**	(3,800)
Increase/(decrease) in trade and other creditors and employee entitlements	**29,500**	(6,418)
Increase/(decrease) in provision for income taxes payable	**12,827**	(8,226)
(Increase)/decrease in deferred tax balances	**(927)**	1,927
Net cash inflows from operating activities	**35,652**	94,539

31 Earnings per share

(a) Basic and diluted earnings per share

	2015 Cents	2014 Cents
Basic and diluted earnings per share	**77.9**	53.3

(b) Reconciliation of earnings per share

	2015 $000's	2014 $000's
Profit for the year	**43,425**	29,730

31 Earnings per share (continued)

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

	2015 $000's	2014 $000's
Weighted average number of B Class shares	**55,762**	55,762

32 Subsequent events

On 23 June 2015 the Directors declared a fully franked final dividend of 26 cents per share. The financial impact of this dividend will be recognised in the 2016 financial statements. The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

33 Parent entity information

(a) Summary financial information

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

	2015 $000's	2014 $000's
Balance sheet		
Current assets	**598,951**	548,163
Total assets	**731,094**	662,850
Current liabilities	**387,927**	320,434
Total liabilities	**486,241**	422,946
Shareholders equity		
Issued capital	**107,819**	107,819
Reserves		
General reserve	**18,657**	18,657
Hedging reserve – cash flow hedges	**(1,411)**	1,117
Retained earnings	**119,788**	112,311
	244,853	239,904
Profit for the year	**23,091**	22,492
Total comprehensive income	**20,563**	23,241

(b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	**–**	–

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank loans, foreign exchange facilities and bank overdrafts for the following subsidiaries which comprise the Obligor Group:

- Riviana Pty Ltd
- Rice Research Australia Pty Limited
- Solomons Rice Company Limited
- Sunshine Rice Inc.

No liability has been recognised at balance date.

Notes to the financial statements continued

33 Parent entity information (continued)

(c) Contingent liabilities of the parent entity

	2015 $000's	2014 $000's
Letters of credit	**725**	261
Guarantee of bank advances	**1,399**	1,711
	2,124	1,972

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

As at 30 April 2015, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $2,593,000 (30 April 2014 – $9,929,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

34 Subsidiaries with material non-controlling interests

(a) Trukai Industries Limited Summary financial information

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

The individual financial statements for Trukai Industries Limited show the following aggregate amounts:

	2015 $000's	2014 $000's
Dividends to Non Controlling Interests	**1,291**	4,865
Balance sheet		
Total assets	**168,720**	93,715
Total liabilities	**(101,117)**	(51,999)
Net Assets	**67,603**	41,716
Accumulated non-controlling interests	**22,830**	14,087
Statement of comprehensive income		
Revenue	**329,946**	293,707
Profit after tax for the period	**20,380**	18,098
Other comprehensive income	**9,330**	5,709
Total comprehensive income	**29,710**	23,807
Non-controlling interest share of profit after tax for the period	**6,882**	6,112
Non-controlling interest share of total comprehensive income	**10,033**	4,184
Cash flows		
Cash flows from operating activities	**34,896**	23,384
Cash flows from investing activities	**(5,456)**	(3,018)
Cash flows from financing activities	**(7,635)**	(9,993)
Net increase in cash and cash equivalents	**21,805**	10,373

34 Subsidiaries with material non-controlling interests (continued)

(b) Significant restrictions

Ricegrowers Limited sells milled rice to its subsidiary Trukai Industries, with sales denominated in US dollars. Due to a current lack of liquidity of USD in PNG the intercompany balance as at 30 April 2015 was USD47,660,000.

35 Business combination

On 11 November 2014 the Group acquired 100% of the assets and business of Blue Ribbon Rice Pty Limited and Blue Ribbon Processing Pty Limited, a rice milling business. The objective of the acquisition is to leverage the agronomic potential of the region. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	$000's
Cash paid	4,216
Contingent consideration (refer to a) below)	640
Total purchase consideration	4,856

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	$000's
Property, plant and equipment	3,269
Inventories	124
Employee entitlement	(16)
Deferred tax	4
Identifiable net assets acquired	3,381
Add: Goodwill	1,475
Net assets acquired	4,856

Goodwill represents the access to the paddy supply in Queensland and the ability to leverage the agronomic potential of the region.

Brandon Mill will be included in the International Rice segment

(a) Contingent consideration

The contingent consideration is based on the volume of paddy delivered to the mill in the years ending 30 June 2015, 30 June 2016 and 30 June 2017. For each milestones the earn out amount (undiscounted) varies between $nil and $250,000 for the first 2 years and between $nil and $500,000 for the final year.

36 Segment information

Business segments

The Corporate Management Team examines the group's financial performance from a product & service perspective and has identified 6 reportable segments of its business:

Rice Pool

The milling, marketing and distribution of rice from the Riverina (i.e. excluding the rice sourced in Queensland) through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economics of the business.

International Rice

The marketing and distribution of rice from all other sources through intermediaries to consumers, food services and processing customers where the economics of the business reflects profit generated as a result of managing supply and demand.

36 Segment information (continued)

Rice Food
The marketing and distribution of rice-based products which incorporate additional value in their transformation process (regroups rice cakes, rice flour and microwave rice, microwave meals).

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

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

Asset Finance
Seek and provide financing resources and access to storage equipment to support primarily the Rice Pool segment.

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

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

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

Changes from prior periods
The CMT has revisited the nature and composition of its reportabe segments and, in compliance with AASB 8, operated various changes. The most significants being:

- SunFoods operating segment joins the International Rice segment;
- Rice flour, rice cakes, microwave rice and microwave meals now compose the new Rice Food segment; and
- AGS and Corporate are part of the Asset Finance segment.

Each operating segments aggregated into a specific reportable segment share similar economic characteristics. This new segment presentation is better aligned with the drivers of performance of SunRice and with how the CMT measures the results and take investment decisions.

The change is reflected in the comparable information presented below.

36 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2015.

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Asset Finance $000's	Total $000's
Total segment revenue	**575,704**	**489,460**	**89,263**	**149,373**	**131,178**	**57,690**	**1,492,668**
Inter-segment revenue	**(184,421)**	**(13,058)**	**–**	**–**	**–**	**(57,059)**	**(254,538)**
Revenue from external customers	**391,283**	**476,402**	**89,263**	**149,373**	**131,178**	**631**	**1,238,130**
Other revenue							**8,085**
Total revenue from continuing operations							**1,246,215**
Contributed Net Profit Before Tax	**–**	**38,281**	**2,588**	**6,758**	**6,569**	**19,218**	**73,414**
Intersegment eliminations							**(2,764)**
Profit before income tax							**70,650**
Depreciation and amortisation	**(5,389)**	**(3,959)**	**(1,793)**	**(1,191)**	**(1,220)**	**(6,734)**	**(20,286)**
Impairment	**–**	**–**	**–**	**(1,994)**	**–**	**–**	**(1,994)**
Acquisitions of property, plant and equipment	**13,714**	**11,635**	**8,687**	**259**	**2,585**	**1,659**	**38,539**
Segment assets	**494,566**	**304,652**	**42,638**	**70,428**	**44,788**	**91,422**	**1,048,494**
Intersegment eliminations							**(181,213)**
Cash							**68,432**
Deferred tax assets							**14,471**
Total assets							**950,184**
Segment liabilities	**295,768**	**180,992**	**129**	**32,820**	**2,589**	**29,653**	**541,951**
Intersegment eliminations							**(200,932)**
Current tax liability							**22,787**
Borrowings							**222,522**
Total liabilities							**586,328**

No single external customer represents more than 10% of revenues.

36 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2014.

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Asset Finance $000's	Total $000's
Total segment revenue	551,335	433,534	80,019	155,042	124,619	69,286	1,413,835
Inter-segment revenue	(194,574)	(13,393)	–	–	–	(67,604)	(275,571)
Revenue from external customers	356,761	420,141	80,019	155,042	124,619	1,682	1,138,264
Other revenue							12,699
Total revenue from continuing operations							1,150,963
Contributed NPBT	–	27,217	3,887	817	8,682	12,865	53,468
Intersegment eliminations							571
Profit before income tax							54,039
Depreciation and amortisation	(4,781)	(3,644)	(1,769)	(1,489)	(954)	(6,693)	(19,330)
Acquisitions of property, plant and equipment	12,675	3,956	4,968	992	6,727	2,604	31,922
Segment assets	445,768	191,548	38,319	82,234	41,368	94,098	893,335
Intersegment eliminations							(140,678)
Cash							84,810
Deferred tax assets							12,470
Total assets							849,937
Segment liabilities	258,464	118,804	2,879	33,300	6,351	29,052	448,850
Intersegment eliminations							(152,701)
Current tax liability							12,061
Borrowings							217,707
Total liabilities							525,917

Other segment information – geographical areas	**Australia** $000's	**PNG** $000's	**Other** $000's	**Total** $000's
2015				
Revenues from external customers	**427,093**	**327,799**	**483,238**	**1,238,130**
2014				
Revenues from external customers	359,393	292,136	486,735	1,138,264

36 Segment information (continued)

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 $182,699,000 (2013: $168,879,000) and the total of these non-current assets located in other countries is $46,429,000 (2013: $36,284,000). Segment assets are allocated to countries based on where the assets are located.

The following table sets forth the segment results for the half year ended 30 October 2014

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Asset Finance $000's	Total $000's
Total segment revenue	289,045	234,949	44,055	74,760	62,749	31,981	737,539
Inter-segment revenue	(100,758)	(3,395)	–	–	–	(30,721)	(134,874)
Revenue from external customers	188,287	231,554	44,055	74,760	62,749	1,260	602,665
Other revenue							4,066
Total revenue from continuing operations							606,731
Contributed NPBT	–	21,164	3,535	1,752	2,071	9,037	37,559
Intersegment eliminations							(4,404)
Profit before income tax							33,155
Segment assets	421,046	170,235	41,446	82,903	40,137	91,115	846,882
Intersegment eliminations							(75,490)
Cash							52,425
Current tax receivable							5,078
Deferred tax assets							13,271
Total assets							842,166

Notes to the financial statements continued

37 Remuneration of auditors

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

	2015 $	2014 $
(a) Assurance services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm	**329,150**	320,600
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**139,065**	123,070
Fees paid to non-PricewaterhouseCoopers audit firm	**19,781**	17,133
Total remuneration for audit services	**487,996**	460,803
(b) Accounting services		
Fees paid to PricewaterhouseCoopers Australian firm*	**4,000**	42,150
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**2,114**	–
Total remuneration for accounting services	**6,114**	42,150
(c) Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm*	**406,925**	1,061,369
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**103,527**	29,871
Total remuneration for taxation services	**510,452**	1,091,240

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.

*2015 includes $135,830 (2014: $837,540) relating to tax and accounting advice associated with the capital structure review which is included in the capital restructuring costs of $1,356,000 (2014: $2,840,000) in note 7.

Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the consolidated balance sheet as at 30 April 2015, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Ricegrowers Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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(a), 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. Those 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 consolidated 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.

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

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
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 consolidated entity's financial position as at 30 April 2015 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*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 58 to 70 of the directors' report for the year ended 30 April 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Paddy Carney
Partner

Sydney
23 June 2015

Corporate Directory

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Southern Seashore

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SUBSIDIARIES

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Ferntree Gully VIC 3156
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Solomons Rice Company Limited
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