

FORM: Final report

Name of issuer

Ricegrowers Limited

ACN or ARBN

55 007 481 156

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended
(‘Current period’)

30 April 2013

For announcement to the market

					\$A,000
Revenue	up	6.8 %	to		1,068,234
Profit (loss) for the period (after tax)	up	5.5 %	to		35,793
Profit (loss) for the period attributable to members of Ricegrowers Limited	up	1.5 %	to		32,265

Commentary on results for the period

The group’s revenue for the year ended April 2013 of \$1,068 million was higher by 6.8% compared to the prior year of \$1,000 million.

Profit before income tax was \$57.3 million compared to the prior year of \$54.6 million.

Consolidated profit attributable to members of Ricegrowers Limited for the year ended April 2013 was \$32.3 million compared to \$31.8 million for the prior year. The Directors have declared a fully franked dividend of 23 cents per share, representing 40% of profit after tax attributed to members of Ricegrowers Limited.

Gearing at 30 April 2013 was 61% compared to 66% in the prior financial year.

SunRice had a strong trading year and with a crop of 963,000 tonnes moved out of drought recovery mode. The business delivered a paddy price to growers of \$317.34 per tonne for medium grain Reiziq (prior year \$255 per tonne) with improved performance in its Global Rice and other businesses lifting overall consolidated profit after tax by 5.5% to \$35.8 million.

Dividends	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
Final dividend		
Amount per <i>security</i>	23.0 cents	18.0 cents
Franked amount per <i>security</i>	23.0 cents	18.0 cents
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market: N/A		

Date the dividend is payable	26 July 2012
Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)	8 July 2012
If it is a final dividend, has it been declared?	Yes

The *dividend or distribution plans* shown below are in operation.

Ricegrowers Limited Dividend Reinvestment Plan (DRP) has been suspended pending the completion of the review of the capital structure.

Any other disclosures in relation to *dividends or distributions*

N/A

NTA Backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary <i>security</i>	5.50	5.12

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Financial Report

30 April 2013

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

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

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Directors' Report

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

1 Directors

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

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

2 Company Secretary

Mandy Del Gigante

3 Principal activities

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

4 Consolidated entity result

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

5 Review of operations

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

6 Significant changes in the state of affairs

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

7 Events subsequent to the balance sheet date

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

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

8 Likely developments and expected results of operations

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

9 Environmental regulation

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

Land Development Approvals

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

Manufacturing

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

**Ricegrowers Limited
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Directors' Report

9 Environmental regulation (continued)

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

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

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

Greenhouse gas and energy data reporting requirements

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

Ricegrowers Limited has assessed its Energy Usage and submitted its National Greenhouse and Energy Report to the Clean Energy Regulator. For the period 1/7/2011 to 30/6/2012, which required reporting direct and indirect emissions, the calculated emissions were 100,791 tonnes of CO₂ and consumption of 534,495 gigajoules of energy for that period.

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

10 Paddy supply

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

11 Top Ten Shareholders

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

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

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

12 Directors' and company secretary qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

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

Director	2013		2012	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
GF Lawson AM	1	330,139	1	330,139
DM Robertson	1	224,539	1	224,539
GA Andreatza	1	80,279	1	80,279
LJ Arthur	1	233,818	1	233,818
NG Graham	1	100,897	1	100,897
GL Kirkup	1	67,424	1	67,424
GF Latta AM	-	29,838	-	29,838
AD Walsh	3	500,350	3	500,350

R Gordon and PM Margin do not hold any shares.

**Ricegrowers Limited
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Directors' Report

13 Directors' interests in shares (continued)

	Directors' interests in A and B Class shares of Ricegrowers Limited			
	2013		2012	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
Former directors				
RA Higgins AO (Retired 24 August 2012)	-	-	-	31,436

14 Directors' meetings

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

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

15 Indemnification of officers

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

16 Directors' benefits

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

Directors' Report

17 Remuneration report (audited)

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

Outline of this Remuneration Report

The Remuneration Report has the following sections:

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

1. Overview

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

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

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

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

2. Key Management Personnel

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

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

A. Directors (including the Executive Director)

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

Directors' Report

17 **Remuneration report (continued)**

2. Key Management Personnel (continued)

B. Executives

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

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

3. Remuneration governance at Ricegrowers Limited

A formal Remuneration Committee is constituted to govern matters related to Director and Executive remuneration. Members can be found on page 3 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).

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

- a) Executive remuneration policies
- b) The remuneration packages of Executive management including short and long term remuneration targets and outcomes, including performance targets
- c) Employment contracts of Executive management
- d) Incentive policies and schemes
- e) Termination payments for Executives
- f) Executive and Board development programs
- g) Superannuation arrangements including receiving reports from the Superannuation Policy Committee
- h) The consistency of Ricegrowers' remuneration policies, recruitment practices, training and development processes with strategic goals and Human Resources initiatives
- i) The terms and conditions of appointment of Directors, including the retirement allowances and remuneration framework for Directors

4. Remuneration of Non-Executive Directors

Directors' fees

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

<i>Base Fees</i>	\$
Board Chair	135,000
Board Deputy Chair	70,000
Base fee for all other non-Executive Directors	60,000

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

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

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

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

Maximum Director fee pool

The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration) were within the maximum limit of \$750,000 as approved by members at the 2010 Annual General Meeting. Refer to the Remuneration Table on page 11 for details of the total remuneration received by each Director during the reporting period.

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

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

Out of pocket expenses

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

Retirement allowances for non-Executive Directors

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

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

5. Executive remuneration policy and framework

Review of remuneration strategy and policies

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

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

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

(Note that in accordance with the Corporations Act 2001 (Cth), the nature of the remuneration recommendations provided by Hay Group is discussed under the heading 'Remuneration Consultants' on page 12 of this Remuneration Report.)

Remuneration components

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

Executives receive the following elements of remuneration:

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

Fixed Annual Remuneration

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

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

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

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

5. Executive remuneration policy and framework (continued)

Variable Remuneration

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

A. "At risk" remuneration

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

	Fixed Annual Remuneration	Short Term Incentive % of total remuneration	Long Term Incentive
CEO Ricegrowers	44%	34%	22%
Other KMP	77%	23%	-

B. Short Term Incentive scheme

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

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

STI for Executives (excluding CEO)

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

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

Component and weighting

Group performance (50%)

Performance measures

Each Executive is subject to the same Group performance measure, defined as Group Net Profit before Tax after applying the budgeted paddy price per tonne achieved.

This component is awarded on a sliding scale between 92% of target (at which point only 20% is awarded) and 110% of the target (at which point 125% is awarded).

The above measure was chosen as a key metric to provide the link between Group performance and balancing our statutory obligation to achieve the best possible returns for rice growers whilst acting in the best interests of shareholders.

Business Unit performance (25%)

1. Profit

Each Executive is set with Business Unit (BU) performance targets, measured as Net Profit Before Tax for their respective BU or Functional Team. The measures are chosen as they indicate the success of the Executive in executing the strategy for their Business Unit.

2. Safety, Health and Environment

The Safety, Health and Environment (SHE) Target assesses the safety performance of the Executives' Business Unit by measuring the reduction in Lost Time Injury Frequency Rate (LTIFR). This performance measure has been selected to drive the Zero Harm culture initiative across the Group.

Individual performance (25%)

Each Executive is set with Individual performance measures relating to their role as an individual contributor. The individual scorecard measures include leadership, innovation, process improvement and customer focus.

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

Directors' Report

17 Remuneration report (continued)

5. Executive remuneration policy and framework (continued)

STI for the Chief Executive Officer

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

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

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

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

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

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

1. Group NPBT has increased year on year, up 5% from 2012 to 2013
2. Underlying profit before tax increase of 44%
3. Paddy price of \$317 per tonne - a 24% increase or \$62 per tonne resulting in an increase of \$59.7m to the pool. Taking into account the \$20 per tonne retention in FY12, the increase is 15 % (or \$42 per tonne resulting in an increase of \$40.4m to the pool)

	STI Target Opportunity	% of STI Maximum Earned
CEO Ricegrowers	100%	100%
Chief Financial Officer	100%	85%
General Manager - Consumer Markets	100%	81%
General Manager AGS and CopRice	100%	92%
GM - Int'l Commodity & Trading	100%	85%
CEO Riviana Foods	100%	0%

Link to performance of Ricegrowers Limited

	2010	2011	2012	2013
Group NPBT \$000s	15,515	17,500	54,635	57,347
Underlying profit before tax \$000s ^	38,315	43,680	43,152	61,978
Medium Grain Paddy Price (\$/t)*	550	417	255	317
Earnings per Share (cents)	24.5	23	57.3	57.9
Return on Funds Employed (%)**	4.3%	5.4%	7.9%	8.6%
Average STI payment as a % of Target STI opportunity for KMP***	46.5%	17.6%	96.4%	107.2%

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

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

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

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

C. Long Term Incentive scheme

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

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

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

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

Directors' Report

17 Remuneration report (continued)

6. Remuneration tables

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

- The CEO's Executive Agreement indicates that the first STI payment will be based on the 12 months for the year ending April 30th, 2013 but extrapolated for 15 months to reflect the period from the commencement of employment in February to April 2012. The CEO earned the potential maximum STI of \$700,000 for FY13, with an additional provision of \$175,000 relating to the FY12 period to reflect the period from the commencement of employment in February 2012 to April 2012. April 2012 has been restated with the \$175,000. The total of \$875,000 provided in FY13 reflects a 15 month period.
- In accordance with accounting standards, the CEO's remuneration includes amounts provided in the relevant year as the best estimate of the LTI relating to that year's performance. No amounts will be paid until the end of 3 year's service and any LTI paid will be based on performance over the 3 years. The CEO's LTI provision of \$400,000 has been provided for 2013 with an additional provision of \$100,000 relating to the FY12 period from the commencement of employment in February 2012 to April 2012. April 2012 has been restated with the \$100,000.
- The KMP Brad Hingle, David Keldie and Milton Bazley had a retention arrangement that ended 31 October 2012.
- David Keldie received \$210,000 as cash bonus for acting CEO for 6 months until the appointment of Rob Gordon on 6 February 2012.
- The cash bonus amounts in the above table are based on financial performance in respect of STI for FY13 as highlighted below:
 - Group NPBT has increased year on year, up 5% from 2012 to 2013
 - Underlying profit before tax increase of 44%
 - Paddy price of \$317 per tonne, a 24% increase.

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

**Ricegrowers Limited
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Directors' Report

17 *Remuneration report (continued)*

6. Remuneration tables (continued)

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

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

Service agreements

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

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

Additional comments:

- The CEO has a contractual entitlement to a potential STI of up to \$700,000 and potential LTI of up to \$450,000. The remaining Key Management Personnel are eligible to participate in the Variable Remuneration schemes and participation is by invitation only.
- The CEO of Riviana Foods Pty Ltd has a service agreement in force until 30 April 2014. This prescribes his remuneration including short term incentive and deferred bonus. The short term incentive is based on the achievement of specified criteria. The deferred bonus was awarded on the CEO's agreement to extend his term of employment beyond 30 April 2012 and consists of 2 months' total employment cost (TEC) and one month's TEC for each year or part thereof service with the company commencing 20 September 1993 with the deferred bonus to be released to the CEO on cessation of his employment. The service agreement may be terminated by either party prior to the expiry of the term for certain grounds specified in the service agreement.
- The remaining Executives have standard permanent employment contracts. Under these employment contracts the Company can terminate without notice for cause.
- 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.

Directors' Report

17 Remuneration report (continued)

7. Remuneration Consultants

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

Provision of a "remuneration recommendation"

1. Hay Group was engaged by the Remuneration Committee to assist with the review of the remuneration strategy including the approach to setting FAR and the design of Variable Remuneration.
During the engagement, Hay Group provided several recommendations that may constitute a "remuneration recommendation" for the purposes of the Act. The remuneration recommendations included recommendations as to the remuneration mix for the CEO and Executives and recommendations as to the design of Variable Remuneration for the CEO and Executives.
Hay Group also provided other services, as part of the one engagement, which did not constitute a remuneration recommendation including for example providing access to the Hay Group PayNet remuneration database, advice in respect of the reward strategy for the Group, compliance and governance advice.
The fees paid to Hay Group during the reporting period were \$92,000 of which approximately \$55,000 related to the remuneration recommendations, as defined in the Act.
2. Egan Associates was engaged by the Remuneration Committee to conduct a review of Ricegrowers' Non-Executive Directors' remuneration. During the engagement, Egan Associates provided recommendations that may constitute a "remuneration recommendation" for the purposes of the Act. The remuneration recommendations related to Non-Executive Directors' fees and the aggregate fee pool.
The fees paid to Egan Associates during the reporting period related to the remuneration recommendations, as defined in the Act were \$11,550
3. Mercer provided market remuneration data in relation to Ricegrowers Executives and non-Executives, of which no remuneration recommendations were made by in relation to KMP.

Governance arrangements

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

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

It is noted that at the 2012 AGM held on 24 August 2012 that the company received less than 25% 'no vote' on the Remuneration Report. Consequently, no additional disclosures have been triggered.

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Directors' Report

18 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001*

19 Rounding of amounts

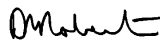
The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand dollars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

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

For and on behalf of the Board.



GF Lawson AM
Chairman



DM Robertson
Deputy Chairman

27 June 2013

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 16 to 54 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 April 2013 and of its performance for the financial year ended on that date, and

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

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

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

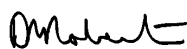
The declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board.



GF Lawson AM
Director

27 June 2013



DM Robertson
Director



Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink, appearing to be 'S J Bourke', written over a faint horizontal line.

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
27 June 2013

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

Liability limited by a scheme approved under Professional Standards Legislation.

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

**Consolidated income statement
For the year ended 30 April 2013**

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

**Consolidated statement of comprehensive income
For the year ended 30 April 2013**

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

**Consolidated balance sheet
As at 30 April 2013**

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

**Consolidated Statement of changes in equity
For the year ended 30 April 2013**

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

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

**Consolidated cash flow statement
For the year ended 30 April 2013**

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation of financial statements

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

Compliance with IFRS's

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

New and amended standards adopted by the Group

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

Early adoption of standards

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

Historical cost convention

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

Critical accounting estimates

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

(b) Principles of consolidation

(i) Subsidiaries

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

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

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

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

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

(ii) Associates

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

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

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

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

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

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

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

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

(d) Loans and receivables

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

(e) Investment property

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

(f) Inventory

Raw materials, finished goods, packaging materials and engineering and consumable stores have been valued on the basis of the lower of cost or net realisable value. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the reporting period. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products with recovery on the basis of normal operating capacity. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

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

(h) Impairment of assets

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

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

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(i) Intangible assets

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

Patents and brands are deferred and amortised on a straight line basis over the periods of their expected benefit which varies from 5 to 20 years.
Capitalised software and re-engineered systems are amortised over 3 years.

(j) Research and development costs

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

(k) Trade receivables and accounts payable

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

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

(l) Borrowings

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

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

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

(m) Grower payables

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

(n) Employee benefits

Wages and salaries, annual and sick leave

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

Long service leave

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

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

Termination benefits

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

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(o) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

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

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

(p) Financial Instruments

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

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

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

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

(q) Cash and cash equivalents

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

(r) Revenue recognition

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

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(s) Leases

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

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

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

(t) Acquisition of assets

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

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

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

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

(u) Segment reporting

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

(v) Provisions

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

(w) Dividends

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

(x) Comparatives

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

(y) Contributed equity

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

(z) Government assistance

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

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Notes to the financial statements

1 Summary of significant accounting policies (continued)

(aa) Earnings per share

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

(ab) Rounding of amounts

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

(ac) New accounting standards and interpretations

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

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

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

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

(iii) AASB 13 *Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective for year ending 30 April 2014)

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements.

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

(ad) Parent entity information

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

(i) Investments in subsidiaries

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

(ii) Tax consolidation legislation

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

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

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

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

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

Notes to the financial statements

2 Financial risk management

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

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

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures 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.

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.

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

Sensitivity analysis

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

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

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

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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 borrowings and interest rate swap contracts outstanding:

30 April 2013

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

30 April 2012

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

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

Sensitivity analysis

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

(b) Credit risk

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

(c) Liquidity risk

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

Financing arrangements

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

	2013 \$000's	2012 \$000's
Floating rate:		
Bank overdraft - expiring within one year	11,358	3,672
Bank loans - expiring within one year	10,127	200,392
Bank loans - expiring beyond one year	-	12,000
	<u>21,485</u>	<u>216,064</u>

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

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2 Financial risk management (continued)

(c) Liquidity risk (continued)

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 2013	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	216,661	63,055	5,745	1,355	286,816	285,522
Variable rate	173,236	142,000	-	-	315,236	312,109
Fixed rate	13,715	978	1,754	965	17,412	16,450
Total non-derivatives	403,612	206,033	7,499	2,320	619,464	614,081
Derivatives						
Interest rate swaps - net settled	1,016	442	-	-	1,458	1,324
Foreign currency contracts - gross settled						
(inflow)	279,458	-	-	-	279,458	(4,517)
outflow	(283,975)	-	-	-	(283,975)	
Total derivatives	(3,501)	442	-	-	(3,059)	(3,193)
30 April 2012	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	205,507	27,710	8,544	1,344	243,105	243,105
Variable rate	63,142	13,530	124,950	2,028	203,650	201,212
Fixed rate	1,085	1,042	928	-	3,055	2,214
Total non-derivatives	269,734	42,282	134,422	3,372	449,810	446,531
Derivatives						
Interest rate swaps - net settled	1,007	-	-	-	1,007	1,007
Foreign currency contracts - gross settled						
(inflow)	(211,872)	-	-	-	(211,872)	(4,745)
outflow	207,347	-	-	-	207,347	220
Total derivatives	(3,518)	-	-	-	(3,518)	(3,518)

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Notes to the financial statements

3 Critical accounting estimates and judgements

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

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

(i) Impairment of assets

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

(ii) Raw material inventory and amounts payable to growers

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

(iii) Deferred tax assets not recognised for capital losses and USA related revenue losses.

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

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Notes to the financial statements

4 Revenue

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

5 Other income

Foreign exchange gains	<u>875</u>	<u>907</u>
	<u>875</u>	<u>907</u>

6 Expenses

Profit before income tax includes the following specific expenses:

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

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7 Income tax expense

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

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

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Notes to the financial statements

8 Cash and cash equivalents

	2013 \$000's	2012 \$000's
Cash at bank and on hand	<u>146,263</u>	<u>29,170</u>
	<u>146,263</u>	<u>29,170</u>

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

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

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

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

(b) Risk exposure

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

9 Receivables

	2013 \$000's	2012 \$000's
Current		
Trade receivables	120,207	98,939
Provision for impairment of receivables (note a)	<u>(1,690)</u>	<u>(347)</u>
	118,517	98,592
Other receivables	2,957	4,904
GST receivable	17,942	12,729
Prepayments	<u>10,910</u>	<u>8,052</u>
	<u>150,326</u>	<u>124,277</u>

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

	2013 \$000's	2012 \$000's
1 to 3 months	3,694	50
3 to 6 months	78	48
Over 6 months	<u>143</u>	<u>258</u>
	<u>3,915</u>	<u>356</u>

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

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

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

	2013 \$000's	2012 \$000's
At 1 May	347	105
Provision for impairment recognised during the year	1,538	245
Receivables written off during the year as uncollectible	(150)	(15)
Foreign currency difference on translation	<u>(45)</u>	<u>12</u>
At 30 April	<u>1,690</u>	<u>347</u>

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.

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Notes to the financial statements

9 Receivables (continued)

(b) Past due but not impaired

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

	2013 \$000's	2012 \$000's
Up to 3 months	9,549	19,821
3 to 6 months	<u>104</u>	<u>800</u>
	<u>9,653</u>	<u>20,621</u>

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

(c) Fair values

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

(d) Risk exposure

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

10 Inventories

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

11 Other financial assets

	2013 \$000's	2012 \$000's
Other unlisted securities	<u>65</u>	<u>76</u>
	<u>65</u>	<u>76</u>

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Notes to the financial statements

12 Derivative financial instruments

	2013	2012
	\$000's	\$000's
Current assets		
Forward foreign exchange contracts (cash flow hedges)	<u>4,517</u>	<u>4,745</u>
	<u>4,517</u>	<u>4,745</u>
Current liabilities		
Interest rate swaps (cash flow hedges)	1,324	1,007
Forward foreign exchange contracts (cash flow hedges)	<u>-</u>	<u>220</u>
	<u>1,324</u>	<u>1,227</u>

(a) Instruments used by the Group

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

(i) Interest rate swaps - cash flow hedges

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

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

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

(ii) Forward exchange contracts - cash flow hedges

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

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

(b) Risk exposure

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

(c) Fair value measurements

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

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Notes to the financial statements

13 Investments accounted for using the equity method

	2013 \$000's	2012 \$000's
Shares in associates	<u>1,113</u>	<u>834</u>

Information relating to the associate is set out below.

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

	Consolidated	
	2013 \$000's	2012 \$000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	834	785
Share of loss after related income tax	(35)	(85)
Gain on dilution of investment	333	-
Foreign currency difference	(19)	134
Carrying amount at the end of the financial year	<u>1,113</u>	<u>834</u>

(b) Share of associates' losses		
Loss before related income tax	(35)	(85)
Income tax benefit	-	-
Loss after related income tax	<u>(35)</u>	<u>(85)</u>

(c) Summarised financial information of Pagini Transport (100%)	Assets	Liabilities	Revenues	Profits
	\$000's	\$000's	\$000's	\$000's
2013	<u>9,961</u>	<u>6,104</u>	<u>1,443</u>	<u>(113)</u>
2012	<u>10,110</u>	<u>7,650</u>	<u>1,371</u>	<u>(269)</u>

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.

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Notes to the financial statements

14 Property, plant and equipment

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

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 2012	136,770	7,315	50,263	2,380	196,728
Additions	79	40	3,757	9,146	13,022
Recognition of finance lease			160		160
Capital works in progress reclassifications	1,696	529	6,427	(8,652)	-
Impairment	(380)		(3,457)		(3,837)
Transfers/disposals/scrapping		(4)	(918)	(62)	(984)
Depreciation expense	(7,522)	(666)	(11,923)		(20,111)
Foreign currency differences	61	22	151	(2)	232
Carrying amount at 30 April 2013	<u>130,704</u>	<u>7,236</u>	<u>44,460</u>	<u>2,810</u>	<u>185,210</u>
	Land & Buildings \$000's	Leasehold Improvements \$000's	Plant & Equipment \$000's	Capitalised WIP \$000's	Totals \$000's
Carrying amount at 1 May 2011	138,248	6,697	60,654	705	206,304
Additions	5,153	25	2,855	6,278	14,311
Recognition of finance lease	-	-	150	-	150
Capital works in progress reclassifications	799	314	3,310	(4,423)	-
Impairment	(843)	-	(4,722)	-	(5,565)
Transfers/disposals/scrapping	-	-	(1,016)	(219)	(1,235)
Depreciation expense	(7,534)	(615)	(12,429)	-	(20,578)
Foreign currency differences	947	894	1,461	39	3,341
Carrying amount at 30 April 2012	<u>136,770</u>	<u>7,315</u>	<u>50,263</u>	<u>2,380</u>	<u>196,728</u>

The impairment in 2013 relates to the fixed assets at SunFoods in the US and Aqaba Processing Company in Jordan. In 2012 the impairment related to fixed assets at the Aqaba Processing Company packing plant in Jordan, Ricegrowers Limited Specialty Rice Foods Plant at Leeton and the Riviana Foods Pty Ltd Rubens plant at Nerang. The impairments arose due to trading performance and results in the relevant assets being recorded at fair value less costs to sell determined by independent valuers

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Notes to the financial statements

14 Property, plant and equipment (continued)

Purchase of Rice Storage Assets

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

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

Assets pledged as security

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

15 Intangibles

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

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

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

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Notes to the financial statements

15 Intangibles (continued)

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

	2013	2012
	\$000's	\$000's
Rice Milling and Marketing Global	29	29
Riviana Foods	2,605	2,605
CopRice	185	185
	<u>2,819</u>	<u>2,819</u>

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

Key assumptions used for value in use calculations

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

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

16 Investment properties

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

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.

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17 Deferred tax assets

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

18 Payables

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

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

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

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19 Borrowings (continued)

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

(a) Significant terms and conditions of bank facilities

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

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

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

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

(b) Fair values

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

(c) Carrying amount of all assets pledged as security

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

(d) Risk exposure

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

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

Seasonal debt

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

Core debt

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

AGS debt

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

20 Provisions

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

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Notes to the financial statements

20 Provisions (continued)

(a) Aggregate employee entitlement benefits

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

(b) Fair values

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

21 Deferred tax liabilities

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

22 Contributed equity

	2013 \$000's	2012 \$000's
(a) Share capital		
Fully paid Ordinary B Class Shares	<u>107,819</u>	<u>107,819</u>

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

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

B Class shares

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

(i) Dividend reinvestment

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

**Ricegrowers Limited
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Notes to the financial statements

22 Contributed equity (continued)

(ii) Share Issue Offer

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

A Class shares

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

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

(c) Capital risk management

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

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

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

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

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

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Notes to the financial statements

23 Reserves and retained profits

	2013 \$000's	2012 \$000's
Reserves		
General reserve	28,453	28,453
Asset revaluation reserve	4,917	4,917
Foreign currency translation reserve	(17,166)	(16,825)
Hedging reserve - cash flow hedges	811	2,573
	<u>17,015</u>	<u>19,118</u>
Retained profits	<u>174,538</u>	<u>152,310</u>
(a) Movements		
Foreign currency translation reserve		
Balance 1 May	(16,825)	(19,157)
Net exchange difference on translation of overseas controlled entities	(125)	3,392
Non controlling interest in translation differences	(216)	(1,060)
Balance 30 April	<u>(17,166)</u>	<u>(16,825)</u>
Hedging reserve - cash flow hedges		
Balance 1 May	2,573	6,390
Revaluation and transfer to profit and loss - gross	(1,913)	(5,453)
Deferred tax	574	1,636
Non controlling interest in revaluation	(423)	-
Balance 30 April	<u>811</u>	<u>2,573</u>
Retained profits		
Balance 1 May	152,310	130,373
Net profit for the year	32,265	31,783
Dividends provided for or paid	(10,037)	(9,846)
Balance 30 April	<u>174,538</u>	<u>152,310</u>

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Notes to the financial statements

23 Reserves and retained profits (continued)

(b) Nature and purpose of reserves

(i) Asset revaluation reserve

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

(ii) General reserve

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

(iii) Foreign currency translation reserve

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

(iv) Hedging reserve - cash flow hedges

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

24 Franked dividends

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

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

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

	2013	2012
	\$000's	\$000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2012 - 30%)	<u>56,611</u>	<u>46,837</u>

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

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

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

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

25 Contingencies

Contingent liabilities

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

	2013	2012
	\$000's	\$000's
Letters of credit	2,069	649
Guarantee of bank advances	1,650	1,586
	<u>3,719</u>	<u>2,235</u>

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Notes to the financial statements

26 Commitments for expenditure

	2013 \$000's	2012 \$000's
(a) Capital commitments (property, plant and equipment)		
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	<u>4,381</u>	<u>2,804</u>

(b) Lease commitments

	2013 \$000's	2012 \$000's
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	8,068	8,357
Later than one year but not later than five years	17,152	18,672
Later than five years	<u>6,795</u>	<u>6,524</u>
	<u>32,015</u>	<u>33,553</u>

Representing:

Cancellable operating leases	<u>32,015</u>	<u>33,553</u>
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Commitments in relation to finance leases are payable as follows:

Within one year	586	909
Later than one year but not later than five years	141	581
Minimum lease payments	<u>727</u>	<u>1,490</u>
less: future finance charges	(40)	(143)
Recognised as a liability	<u>687</u>	<u>1,347</u>

Representing lease liabilities:

Current (note 19)	551	798
Non current (note 19)	136	549
	<u>687</u>	<u>1,347</u>

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

27 Employee benefits

(a) Employee benefits and related on cost liabilities

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

	Number	Number
Employee numbers		
Average number of employees during the year	<u>2,119</u>	<u>1,858</u>

(b) Superannuation plan/commitments

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

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Notes to the financial statements

28 Investments in subsidiaries

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

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

Non-controlling interests

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

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

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

29 Related party transactions

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

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

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			
	2013		2012	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
GF Lawson AM	1	330,139	1	330,139
DM Robertson	1	224,539	1	224,539
GA Andreatza	1	80,279	1	80,279
LJ Arthur	1	233,818	1	233,818
NG Graham	1	100,897	1	100,897
GL Kirkup	1	67,424	1	67,424
GF Latta AM	-	29,838	-	29,838
AD Walsh	3	500,350	3	500,350

R Gordon and PM Margin do not hold any shares.

Former directors

RA Higgins AO (Retired 24 August 2012)	-	31,436
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Notes to the financial statements

29 Related party transactions (continued)

(ii) Share holdings (continued)

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

Key management personnel not listed did not hold any shares.

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

<i>Issuing entity</i>	2013	2012
Ricegrowers Limited	<u>-</u>	<u>28,619</u>

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

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

<i>Issuing entity</i>	2013	2012
Ricegrowers Limited	<u>1,612,568</u>	<u>1,644,004</u>

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

(iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party	2013 \$000's	2012 \$000's
Purchases of rice from Directors	5,726	4,533
Purchases of grain and other inputs from Directors	86	93
Sale of inputs to Directors	143	196
Sale of stockfeed to Directors	<u>-</u>	<u>30</u>

There were no transactions with other Key Management Personnel.

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Notes to the financial statements

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

	2013 \$000's	2012 \$000's
Profit for the year	35,793	33,911
Depreciation and amortisation	21,141	21,648
Loss on sale/disposal of property, plant and equipment	500	1,039
Fair value revaluation of investment property	50	1,500
Impairment of non-current assets	3,837	7,799
Share of associate's net loss	35	85
Changes in operating assets and liabilities		
Increase in trade and other receivables	(26,694)	(1,379)
Increase in other operating assets	(1,559)	-
Increase in inventories	(77,727)	(22,163)
Increase in amounts payable to growers	55,475	20,274
Increase in trade and other creditors and employee entitlements	16,141	23,193
Increase in provision for income taxes payable	506	16,524
Increase in deferred tax balances	(303)	(1,950)
Net cash inflows from operating activities	<u><u>27,195</u></u>	<u><u>100,481</u></u>

31 Earnings per share

(a) Basic and diluted earnings per share

	2013 Cents	2012 Cents
Basic and diluted earnings per share	<u>57.9</u>	<u>57.3</u>

(b) Reconciliation of earnings per share

	2013 \$000's	2012 \$000's
Profit for the year	<u>32,265</u>	<u>31,783</u>

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

	2013 000's	2012 000's
Weighted average number of B Class shares	<u>55,762</u>	<u>55,499</u>

32 Subsequent events

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

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

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Notes to the financial statements

33 Parent entity information

(a) Summary financial information

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

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

(b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	<u>-</u>	<u>-</u>
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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.

(c) Contingent liabilities of the parent entity

	2013 \$000's	2012 \$000's
Letters of credit	2,069	-
Guarantee of bank advances	692	692
	<u>2,761</u>	<u>692</u>

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

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

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Notes to the financial statements

34 Segment information

Business segments

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

Rice Milling & Marketing Australian Rice (RM&M Au Rice - Paddy Pool)

The milling, marketing and distribution of rice from Australian sources through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economies of the business.

Rice Milling & Marketing Global (RM&M Global)

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

Riviana Foods (Riviana)

The importation, manufacture, distribution and sales of consumer food products to intermediaries.

Australian Grain Storage (AGS)

The receipt and storage of paddy rice and non-rice grain in Australia.

CopRice

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

All other segments.

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

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

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

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

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34 Segment information (continued)

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

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

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

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34 Segment information (continued)

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

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

Other segment information - geographical areas

	Australia \$000's	PNG \$000's	Other \$000's	Total \$000's
2013				
Revenues from external customers	<u>341,155</u>	<u>275,455</u>	<u>445,321</u>	<u>1,061,931</u>
	Australia \$000's	PNG \$000's	Other \$000's	Total \$000's
2012				
Revenues from external customers	<u>343,638</u>	<u>241,506</u>	<u>411,798</u>	<u>996,942</u>

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

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

**Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156**

Notes to the financial statements

35 Remuneration of auditors

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

(a) Assurance services

Audit services	2013	2012
	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm	271,500	270,500
Fees paid to related practices of PricewaterhouseCoopers Australian firm	122,194	137,422
Fees paid to non-PricewaterhouseCoopers audit firm	13,298	13,107
	<hr/>	<hr/>
Total remuneration for audit services	<u>406,992</u>	<u>416,029</u>

(b) Other assurance services

Fees paid to PricewaterhouseCoopers Australian firm	5,150	5,000
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-
	<hr/>	<hr/>
Total remuneration for other assurance services	<u>5,150</u>	<u>5,000</u>

Total remuneration for assurance services

<u>412,142</u>	<u>421,029</u>
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(c) Taxation services

Fees paid to PricewaterhouseCoopers Australian firm*	397,350	200,885
Fees paid to related practices of PricewaterhouseCoopers Australian firm	42,807	38,003
	<hr/>	<hr/>
Total remuneration for taxation services	<u>440,157</u>	<u>238,888</u>

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

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



Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion

- a) the financial report of Ricegrowers Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*, and
- b) the financial report and notes comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in paragraphs 17 and 18 of the directors' report for the year ended 30 April 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

S J Bourke
Partner

Sydney
27 June 2013