

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 2014

For announcement to the market

					\$A,000
Revenue	up	7.7 %	to		1,150,963
Profit (loss) for the period (after tax)	down	6.4 %	to		33,520
Profit (loss) for the period attributable to members of Ricegrowers Limited	down	7.9 %	to		29,730

Commentary on results for the period

The Group’s revenue for the year ended April 2014 of \$1,151 million was higher by 7.7% compared to the prior year of \$1,068 million.

Profit before income tax was \$54.0 million compared to the prior year of \$57.3 million.

Consolidated profit attributable to members of Ricegrowers Limited for the year ended April 2014 was \$29.7 million compared to \$32.3 million for the prior year. The Directors have declared a fully franked dividend of 23 cents per share, representing 43% of profit after tax attributed to members of Ricegrowers Limited.

Gearing at 30 April 2014 was 44% compared to 61% in the prior financial year.

SunRice had a strong trading year supported by a crop of 1,161,000 tonnes. Milling yields, however, were lower than expected during the year. This negatively impacted the paddy price delivered to growers which finished at \$293.61 per tonne for medium grain Reiziq (prior year \$317.34 per tonne).

Foreign exchange pressures impacted the Group’s import based businesses. This contributed to the reduction in overall consolidated profit after tax by 6.4% to \$33.5 million.

Dividends	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
Final dividend		
Amount per <i>security</i>	23.0 cents	23.0 cents
Franked amount per <i>security</i>	23.0 cents	23.0 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	31 July 2014
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)	15 July 2014
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>	5.67	5.50

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

Financial Report

30 April 2014

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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 26 June 2014.

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 2014.

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
NG Graham
GA Andreazza
LJ Arthur
R Gordon
GL Kirkup
GF Latta AM
PM Margin
DM Robertson
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 \$29,730,000 (2013: \$32,265,000).

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 26 June 2014 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.

Directors' Report continued

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

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

The Group holds licences and approvals for its manufacturing sites in New South Wales, Queensland and Victoria. The licences require air, water, noise and dust 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.

The Australian Packaging Covenant Action Plan report for Year 2 of the SunRice Five Year Action Plan has been submitted and accepted by the Australian Packaging Covenant.

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

Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of 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 1/7/2012 to 30/6/2013. This report requires the reporting of direct and indirect emissions with calculated emissions of 107,599 tonnes of CO₂ and consumption of 581,408 gigajoules of energy for that period. 500,000 gigajoules of energy usage is the threshold that triggers the statutory reporting requirement under the *Energy Efficiency Opportunities Act 2006*. Following on from the registration for EEO reporting in March 2013 the company submitted its first 5 Year Cycle Assessment Plan in December 2013.

10 Paddy supply

The paddy supply for 2014/2015 from Australian ricegrowers is approximately 820,000 tonnes (2013/2014 1,161,000 tonnes).

11 Top ten shareholders

The following table represents the top ten shareholders as at 30th April 2014.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,787,748
2	Australian Food & Agriculture Company Limited	2,365,086
3	Dellapool Nominees Pty Ltd	904,809
4	Germanico Super Pty Ltd	810,625
5	Indara Holdings Pty Ltd	796,332
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

Director	Directors' interests in A and B Class shares of Ricegrowers Limited			
	2014		2013	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
GF Lawson AM	1	330,139	1	330,139
NG Graham	1	100,897	1	100,897
GA Andreazza	1	80,279	1	80,279
LJ Arthur	1	233,818	1	233,818
GL Kirkup	1	67,424	1	67,424
GF Latta AM	–	29,838	–	29,838
DM Robertson	1	224,539	1	224,539
AD Walsh	3	500,350	3	500,350

R Gordon and PM Margin do not hold any shares.

14 Directors' meetings

Director	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	16	16	–	–	–	–	5	5	–	–
NG Graham	16	16	4	5	–	–	1	1	2	2
GA Andreazza	16	16	–	–	4	4	–	–	5	5
LJ Arthur	16	16	5	5	4	4	–	–	–	–
R Gordon	16	16	5	5	2	4	–	–	5	5
GL Kirkup	16	16	–	–	4	4	–	–	5	5
GF Latta AM	16	16	5	5	2	2	5	5	5	5
PM Margin	16	16	5	5	–	–	5	5	–	–
DM Robertson	16	16	5	5	–	–	4	4	–	–
AD Walsh	16	16	–	–	4	4	–	–	1	1

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

Directors' Report continued

15 Indemnification of officers

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

16 Directors' benefits

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

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

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

17. Remuneration report (audited)

Ricegrowers Limited seeks to create value for our shareholders through a robust remuneration and benefits strategy designed to attract, retain and motivate suitably qualified people. This Remuneration Report outlines Ricegrowers Limited's remuneration policy and remuneration outcomes for the Key Management Personnel of the Group for the year ended 30 April 2014.

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 2014.

Remuneration policies and practices are guided by the following principles:

- 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
- Total remuneration is fair and equitable internally and in our chosen markets
- Robust policies and processes which underpin the approach to benchmarking remuneration and setting incentive targets to ensure the remuneration is adequate to attract, retain and motivate key employees while providing a suitable return for shareholders; and
- Variable remuneration is aligned to strategy, drives consistent and sustainable performance and drives the right outcomes and behaviours

The Directors are also pleased to update shareholders on the remuneration strategy and changes to the remuneration framework, using the above principles, as a result of the strategic remuneration review conducted in 2013, in Section 5 of this Remuneration Report – Executive Remuneration policy and framework.

17. Remuneration report (audited) (continued)

2. Key Management Personnel

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

Note that for the purpose of this Remuneration Report, the term 'Executive' is used to describe current and former Executives of the Group listed below (including the Executive Director). These Executives, in addition to the Non-Executive Directors represent the Key Management Personnel of the Group for FY2014 as defined under the Australian Accounting Standards. Where relevant this Remuneration Report discusses policies that apply to the executive management team (referred to as the Corporate Management Team) more broadly but includes Executives.

The Key Management Personnel of the Group for the year ended 30 April 2014 were:

A. Directors (including the Executive Director)

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

B. Current Executives

Name	Position
E Zammit	Interim Chief Financial Officer (appointed to Key Management Personnel role 11 November 2013)
M Bazley	General Manager, International Commodity & Trading
D Keldie	General Manager, Consumer Markets
G Woods	General Manager, AGS and CopRice

C. Former Executives

Name	Position
B Hingle	Chief Financial Officer (resigned effective 23 December 2013)
J Lloyd	Chief Executive Officer, Riviana Foods (retired effective 30 April 2014)

3. Remuneration governance at Ricegrowers Limited

A formal Remuneration Committee is constituted to govern matters related to Director and Executive remuneration. A discussion in respect of the members can be found on page 47 of the Annual Report and the Charter of the Remuneration Committee is available on the Company's website.

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

Directors' Report continued

17. Remuneration report (audited) (continued)

3. Remuneration governance at Ricegrowers Limited (continued)

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

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

4. Remuneration of Non-Executive Directors

Directors' fee

Non-Executive Directors receive fees which are determined by the Board within the aggregate allotment approved by Shareholders. The fees for FY2014 are set out in the table below.

Base fees	\$
Board Chair	150,000
Board Deputy Chair	76,000
All other Non-Executive Directors	65,000

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

Committee Chair and Member fees	\$
Finance & Audit Committee Chair	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
Safety Health and Environment Committee Chair	6,000
Safety Health and Environment Committee Member	3,000
Nomination Committee Chair/Member	nil

In addition to the above fees, Ricegrowers Limited contributes the statutory superannuation (currently 9.25%) on behalf of all Directors.

Non-Executive Directors of Ricegrowers Limited who are Directors of Trukai Industries Limited also received annual Director Fees for their roles in recognition of the additional workload associated with travel to and management of an operation based in Papua New Guinea. M Robertson received \$8,788 (Kina 25,000) and L Arthur received \$7,030 (Kina 20,000) in relation to FY14. Total remuneration received by Directors published in the Remuneration Tables on page 14 reflects the aggregate of all Directors' Fees received by a Director in respect of Ricegrowers Limited and any of its Subsidiaries.

17. Remuneration report (audited) (continued)

4. Remuneration of Non-Executive Directors (continued)

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

Directors' fee review

During the year, the Board reviewed the Non-Executive Directors remuneration quantum and structure with the assistance of Egan Associates and found it to be less than the 25th percentile of fees paid for Directors in the Australian consumer staples sector. This impacts the Company's ability to attract and retain the highest quality Directors to manage what is a complex international public company.

The Board considered the recommendations from Egan Associates in relation to the Directors' current fee pool and recommended an increase to the aggregate fee pool to \$1,100,000 which was approved by Shareholders at the 2013 Annual General Meeting.

Following approval at the Annual General Meeting in August 2013 to increase the fee pool, the Board increased the base fees for Non-Executive Directors by an average of 9%. In addition the Board introduced fees for the Safety, Health and Environment Committee Chair and members and maintained fees for other committees (Finance & Audit, Remuneration & Grower Services).

The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration) were \$832,485 (76% of the total fee pool). This is within the fee pool limit as approved by members at the 2013 Annual General Meeting. Refer to the Remuneration Table on page 14 for details of the total remuneration received by each Director during the reporting period.

Out of pocket expenses

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

Retirement allowances for Non-Executive Directors

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

5. Executive remuneration policy and framework

Review of remuneration strategy and policies

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

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

Directors' Report continued

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

(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 15 of this Remuneration Report.)

Remuneration strategy

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

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

Remuneration framework

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

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

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

Fixed Annual Remuneration

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

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

- i. Relative size and complexity of the role
- ii. Skills and competencies needed to generate results
- iii. Sustained contribution to the team and organisation
- iv. The value of the role and contribution of the individual in the context of the external market
- v. Strategic planning including succession and retention of corporate knowledge

In 2013 the Remuneration Committee engaged Hay Group to provide comprehensive benchmarking review and market practice advice for the Executives. The independent report compared the fixed and variable remuneration of Executives against defined peer companies in guiding the Remuneration Committee in setting the appropriate target fixed and variable remuneration for Executives for FY14.

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

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

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

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

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

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

Variable Remuneration

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

A. "At risk" remuneration

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

	Fixed Annual Remuneration	Short Term Incentive	Long Term Incentive
	% of total remuneration		
Ricegrowers CEO	50%	25%	25%
Riviana CEO	67%	33%	–
Other Executive Key Management Personnel	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 the participants for meeting stretch targets, as set by the Board. In addition to the Executives disclosed as Key Management Personnel in this Remuneration Report, other group executives and senior managers were invited to participate in the scheme as a key driver of their performance.

For FY14 the Ricegrowers CEO had a target STI opportunity equal to 50% of his Fixed Annual Remuneration as set by the Board to drive profit and paddy price per tonne for the year as well as other strategic and operational goals. The Riviana CEO had a target STI opportunity of 50% of his Fixed Annual Remuneration. All other current Executives have a target STI of 30%, with the potential of a maximum of 37.5% for exceptional performance.

STI for Executives (excluding Ricegrowers CEO and Riviana CEO)

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

Directors' Report continued

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

Once the threshold is achieved, the FY14 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 Corporate Management Team generally (excluding the Ricegrowers CEO and Riviana CEO), the performance measures are recommended to the Remuneration Committee by the Ricegrowers 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.

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

Component	Performance measures
Group performance	Each Executive is subject to the same Group profit performance measure. This component is awarded on a sliding scale between 95% of target (at which point 50% is awarded) and 110% of the target (at which point 125% is awarded). The above measure was chosen as a key metric to provide the link between Group performance and balancing our objective to achieve the best possible returns for rice growers whilst acting in the best interests of shareholders.
Business Unit performance	<p><i>1. Profit</i> Each Executive is set with Business Unit performance targets, measured as Net Profit Before Tax for their respective Business Unit or Functional Team. The measures are chosen as they indicate the success of the Executive in executing the strategy for their Business Unit.</p> <p><i>2. Safety, Health and Environment</i> 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) whilst progressively moving towards proactive preventative SHE actions. The three lead indicators used to measure preventative SHE actions comprise:</p> <ul style="list-style-type: none"> a) Safety Health and Environment Regulatory Compliance Training b) Safety Health and Environment Element Audits c) Near Miss Identification <p>The Safety Health and Environment performance measure has been selected to drive the Zero Harm culture initiative across the Group.</p>
Individual performance	Each Executive is set with individual performance measures relating to their role as an individual contributor. The individual scorecard measures include leadership, innovation, process improvement and customer focus.

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

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

STI for the Riviana Chief Executive Officer

Goals for the Riviana Chief Executive Officer were specified in his service agreement and related to strategic organisational review and effective succession.

STI for the Ricegrowers 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 complementary and align to the Group's strategic objectives.

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

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

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

At the end of the financial year, the Remuneration Committee assesses the performance of the Ricegrowers CEO and recommends STI outcomes to the Board. The Remuneration Committee also reviews the assessment of performance against KPIs and final STI outcomes for Executives after considering recommendations of the Ricegrowers 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:

- a. Group net profit before tax of \$54.039m
- b. Maintained a dividend of 23.0 cents
- c. Paddy price of \$293.61 per tonne

Key Management Personnel	STI Target Opportunity	STI Stretch Opportunity (Maximum)	% of STI Maximum Earned
Ricegrowers Chief Executive Officer	100%	125%	80%
Chief Financial Officer	100%	125%	91%
General Manager – Consumer Markets	100%	125%	94%
General Manager – AGS and CopRice	100%	125%	87%
General Manager – Int'l Commodity & Trading	100%	125%	94%
Riviana Chief Executive Officer	100%	100%	100%

Directors' Report continued

17. Remuneration report (audited) (continued)

5. Executive remuneration policy and framework (continued)

Link to performance of Ricegrowers Limited

	2010	2011	2012	2013	2014
Group NPBT \$000s	15,515	17,500	54,635	57,347	54,039
Paddy Supplement / (Retention) ¹	22,800	22,709	(16,000)	–	–
Medium Grain Paddy Price (\$/t) ²	550	417	255	317	294
Earnings per Share (cents) ¹	24.5	23.0	57.3	57.9	53.3
Return on Funds Employed (%) ^{1,4}	6.4%	8.1%	11.7%	13.6%	14.1%
Dividend (cents per B Class Share)	22.5	18.0	18.0	23.0	23.0
Average STI payment as a % of Maximum STI opportunity for Key Management Personnel ³	46.5%	17.6%	77.1%	86.0%	91.4%

1. The NPBT used to evaluate performance includes key adjustments. In 2010 and 2011 respectively, paddy supplements to the value of \$22.8m and \$22.7m were paid. In 2012, retention was applied from the paddy pool to the value of \$16m. The FY12 ROFE calculation excludes this retention of \$16m (\$20/t).

2. Medium Grain Paddy Price of \$417/t for FY11 is the weighted average for the premium pool and pool #2.

3. Ricegrowers CEO and Riviana CEO are excluded and participate under separate STI plans.

4. ROFE defined as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.

C. Long Term Incentive scheme

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

The Ricegrowers CEO is eligible to participate in the Company's Long Term Incentive scheme. For FY14 the CEO had a target Long Term Incentive opportunity equal to 50% of his Fixed Annual Remuneration. The objectives set by the Board for the Ricegrowers CEO's Long Term Incentives are:

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

The amounts represented in the other long term benefits for the Ricegrowers CEO within the remuneration tables represents the amount provided for the Ricegrowers CEO under the Long Term Incentive scheme in FY14.

17. Remuneration report (audited) (continued)

6. Remuneration tables

Executives

Name	Short term benefits			Post employment benefits	Termination Benefit	Other long term benefits	Retention benefit ¹	Total Paid and Payable	Other long term benefits ²	Total
	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits ³	Super-annuation			Cash Bonus		Provided	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>R Gordon</i>										
2014	907,400	400,000	8,778	25,000	-	-	-	1,341,178	400,000	1,741,178
2013	879,167	700,000	3,711	20,833	-	-	-	1,603,711	400,000	2,003,711
<i>E Zammit⁴</i>										
2014	215,297	81,720	4,058	8,888	-	-	-	309,963	-	309,963
<i>M Bazley</i>										
2014	370,806	139,225	-	25,000	-	-	-	535,031	-	535,031
2013	359,278	122,488	-	25,000	-	-	49,087	555,853	-	555,853
<i>D Keldie</i>										
2014	366,439	137,688	8,778	24,999	-	-	-	537,904	-	537,904
2013	360,998	117,142	4,566	23,800	-	-	49,262	555,768	-	555,768
<i>G Woods</i>										
2014	248,811	121,784	99,413	24,376	-	-	-	494,384	-	494,384
2013	231,060	124,038	102,152	23,026	-	-	-	480,276	-	480,276
Former Executives										
<i>B Hingle⁵</i>										
2014	227,148	-	28,180	16,660	-	-	-	271,988	-	271,988
2013	342,604	127,274	36,067	24,330	-	-	51,666	581,941	-	581,941
<i>J Lloyd⁶</i>										
2014	572,034	318,005	7,400	56,575	106,002	53,000	-	1,113,016	-	1,113,016
2013	572,034	-	7,400	56,575	-	53,000	-	689,009	-	689,009

1. Mr Hingle, Mr Keldie and Mr Bazley had a retention arrangement that ended on 31 October 2012.

2. In accordance with accounting standards, the Ricegrowers Chief Executive Officer's remuneration includes amounts provided in the relevant years as the best estimate of the LTI relating to that year's performance. No amounts will be paid until the end of 3 years' service and any Long Term Incentive paid will be based on performance over the 3 years.

3. Non-monetary benefits include benefits such as car parking and fringe benefits tax. In some cases, these are at the election of the Executives i.e. they are salary sacrificed.

4. Mr Zammit commenced as Interim Chief Financial Officer on 11 November 2013.

5. Mr Hingle ceased as Chief Financial Officer on 23 December 2013.

6. Mr Lloyd retired on 30 April 2014 at which time he was provided with a Termination Benefit as provided for in his service agreement.

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

Directors' Report continued

17. Remuneration report (audited) (continued)

6. Remuneration tables (continued)

Non-Executive Directors

	Short term benefits		Post employment benefits	Total
	Cash Salary and fees	Cash Salary & fees Other Controlled Entities	Superannuation	
	\$	\$	\$	\$
<i>GF Lawson</i>				
2014	150,000	–	13,818	163,818
2013	138,000	–	12,420	150,420
<i>NG Graham</i>				
2014	78,583	–	7,241	85,824
2013	66,000	–	5,940	71,940
<i>GA Andreazza</i>				
2014	71,000	–	6,541	77,541
2013	63,000	–	5,670	68,670
<i>LJ Arthur¹</i>				
2014	74,000	7,030	6,816	87,846
2013	69,000	9,326	6,210	84,536
<i>GL Kirkup</i>				
2014	75,000	–	6,910	81,910
2013	66,000	–	5,940	71,940
<i>GF Latta</i>				
2014	86,000	–	7,740	93,740
2013	78,000	–	7,020	85,020
<i>PM Margin²</i>				
2014	75,000	–	6,909	81,909
2013	40,300	–	3,627	43,927
<i>DM Robertson¹</i>				
2014	79,417	8,788	7,313	95,518
2013	79,000	11,657	7,110	97,767
<i>AD Walsh</i>				
2014	69,000	–	6,356	75,356
2013	63,000	–	5,670	68,670
<i>RA Higgins³</i>				
2013	20,804	–	1,872	22,676

1. Mr Arthur and Mr Robertson as Directors of Trukai Industries Limited receive Directors' fees from Trukai Industries Limited.

2. Mr Margin commenced as a Non-Executive Director on 29 September 2012.

3. Mr Higgins retired as a Non-Executive Director on 24 August 2012.

17. Remuneration report (audited) (continued)

6. Remuneration tables (continued)

Service Agreements

The remuneration arrangements for the Ricegrowers Chief Executive Officer and the Executives are formalised in Service Agreements.

Name and Role	Term of Agreement	Notice Periods
R Gordon, Ricegrowers Chief Executive Officer	Service agreement until February 2017	6 months
E Zammit, Interim Chief Financial Officer	Fixed Term Contract until October 2014	2 months
M Bazley, General Manager – International Commodity & Trading	Rolling contract with no fixed end date	3 months
D Keldie, General Manager – Consumer Markets	Rolling contract with no fixed end date	3 months
G Woods, General Manager – AGS and CopRice	Rolling contract with no fixed end date	3 months

Additional comments:

1. The Ricegrowers Chief Executive Officer has a contractual entitlement to a STI and LTI programs. The remaining Executives are eligible to participate in the Variable Remuneration schemes and participation is by invitation only.
2. The Riviana Chief Executive Officer (who retired on 30 April 2014) had a service agreement in force until 30 April 2014. This prescribed 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 Chief Executive Officer's agreement to extend his term of employment and consists of 2 months' total employment cost and one month's total employment cost for each year or part thereof service with the company commencing 20 September 1993 to termination date payable on termination.
3. The remaining Executives, with the exception of the Interim Chief Financial Officer, have standard permanent employment contracts. Under these employment contracts the Company can terminate without notice for cause. The Interim Chief Financial Officer has a fixed term contract as specified in the above table.
4. None of the Service Agreements detailed above provide an entitlement to Termination Benefits other than (a) any contractual benefits accrued up until the date of termination and (b) payment in lieu of notice if mutually agreed by the parties.

7. Remuneration Consultants

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

Provision of a "remuneration recommendation"

1. Hay Group was engaged by the Remuneration Committee to assist with the review of the remuneration strategy including the approach to setting Fixed Annual Remuneration 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 Ricegrowers Chief Executive Officer and Executives and recommendations as to the design of Variable Remuneration for the Chief Executive Officer 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 \$139,748 of which approximately \$22,000 related to the remuneration recommendations, as defined in the Corporations Act 2001 (Cth).

2. Egan Associates was engaged by the Remuneration Committee to conduct a review of Ricegrowers' Non-Executive Directors' remuneration.

Directors' Report continued

17. Remuneration report (audited) (continued)

7. Remuneration Consultants (continued)

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.

During the financial year, Egan Associates also provided other services to the Group which did not constitute a remuneration recommendation including the provision of market remuneration data.

The fees paid to Egan Associates during the reporting period, related to the remuneration recommendations, as defined in the Act were \$25,757 of which approximately \$13,860 related to the provision of a Remuneration Recommendation as defined in the *Corporations Act 2001* (Cth).

3. AON Hewitt provided market remuneration data in relation to Ricegrowers Executive and non-Executives, of which no remuneration recommendations were made in relation to Key Management Personnel.

Governance arrangements

To uphold the highest standards of governance, Hay Group and Egan Associates were engaged by the Directors and reported directly to the Remuneration Committee in respect of their advice.

Although Hay Group and Egan Associates were provided with information from management to assist with their work, clear communication channels were opened between the Remuneration Committee and each of Hay Group and Egan Associates to ensure they could confer with the Remuneration Committee should the Key Management Personnel do or say anything to impede on Hay Group's or Egan Associates' independence. Further, each of Hay Group and Egan Associates provided the Company with a statement that the remuneration recommendation was free from undue influence from the members of Key Management Personnel to whom the recommendation relates.

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 and Egan Associates) are free from undue influence from the Key Management Personnel to whom the recommendation relates.

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

It is noted that at the 2013 AGM held on 23 August 2013 that the company received less than 25% 'no vote' on the Remuneration Report. Consequently, no additional disclosures have been triggered.

18 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

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



NG Graham
Deputy Chairman

26 June 2014

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 19 to 64 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 2014 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



NG Graham
Director

26 June 2014



Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2014, 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.

A handwritten signature in black ink, appearing to read 'S J Bourke', with a long horizontal flourish extending to the right.

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
26 June 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement

For the year ended 30 April 2014

	2014	2013
	\$000's	\$000's
Sales revenue	5 1,138,264	1,061,931
Other revenue	5 12,699	6,303
Revenue from continuing operations	1,150,963	1,068,234
Other income	6 1,757	875
Impairment of assets	-	(3,837)
Changes in inventories of finished goods	21,101	(1,998)
Raw materials and consumables used	(666,152)	(599,129)
Freight and distribution expenses	(168,559)	(139,055)
Employee benefits expense	(113,938)	(106,825)
Depreciation and amortisation expense	7 (19,330)	(21,141)
Finance costs	(15,281)	(11,975)
Other expenses	7 (136,815)	(127,767)
Share of net profit/(loss) of associate accounted for using the equity method	14 293	(35)
Profit before income tax	54,039	57,347
Income tax expense	8 (20,519)	(21,554)
Profit for the year	33,520	35,793
Profit for the year is attributable to:		
Non-controlling interests	3,790	3,528
Ricegrowers Limited shareholders	24 29,730	32,265
	33,520	35,793
Earnings per share for profit attributable to B Class Shareholders		
Basic and diluted earnings (cents per share)	32 53.3	57.9

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

Consolidated statement of comprehensive income

For the year ended 30 April 2014

	2014	2013
Note	\$000's	\$000's
Profit for the year	33,520	35,793
Items that may be reclassified to the profit or loss		
Changes in fair value of cash flow hedges	24 (224)	(1,913)
Exchange differences on translation of foreign operations	24 (6,068)	(125)
Income tax relating to items of other comprehensive income	24 185	574
Other comprehensive income for the year, net of tax	(6,107)	(1,464)
Total comprehensive income for the year	27,413	34,329
Total comprehensive income for the year is attributable to:		
Non-controlling interests	1,915	4,167
Ricegrowers Limited shareholders	25,498	30,162
	27,413	34,329

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

Consolidated balance sheet

As at 30 April 2014

	Note	2014 \$000's	2013 \$000's
Current assets			
Cash and cash equivalents	9	84,810	146,263
Receivables	10	127,111	150,326
Inventories	11	403,648	456,364
Current tax receivable		2,101	–
Derivative financial instruments	13	5,105	4,517
Total current assets		622,775	757,470
Non-current assets			
Other financial assets	12	52	65
Property, plant and equipment	15	194,854	185,210
Investment properties	17	1,150	1,150
Intangibles	16	7,638	7,451
Deferred tax assets	18	12,470	14,520
Investments accounted for using the equity method	14	1,468	1,113
Total non-current assets		217,632	209,509
Total assets		840,407	966,979
Current liabilities			
Payables	19	83,524	87,080
Amounts payable to Australian Rice Growers	19	140,245	128,233
Borrowings	20	107,872	183,467
Current tax liabilities		12,061	18,186
Provisions	21	15,853	16,100
Derivative financial instruments	13	2,391	1,324
Total current liabilities		361,946	434,390
Non current liabilities			
Payables	19	7,243	9,895
Amounts payable to Australian Rice Growers	19	34,918	60,260
Borrowings	20	109,835	145,146
Provisions	21	2,445	2,991
Total non-current liabilities		154,441	218,292
Total liabilities		516,387	652,682
Net assets		324,020	314,297
Equity			
Contributed equity	23	107,819	107,819
Reserves	24	12,783	17,015
Retained profits	24	191,443	174,538
Capital & resources attributable to Ricegrowers Limited shareholders		312,045	299,372
Non-controlling interests		11,975	14,925
Total equity		324,020	314,297

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

Consolidated statement of changes in equity

For the year ended 30 April 2014

	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 2013	107,819	17,015	174,538	299,372	14,925	314,297
Profit for the year	-	-	29,730	29,730	3,790	33,520
Other comprehensive income	-	(4,232)	-	(4,232)	(1,875)	(6,107)
Total comprehensive income for the year	-	(4,232)	29,730	25,498	1,915	27,413
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(12,825)	(12,825)	(4,865)	(17,690)
	-	-	(12,825)	(12,825)	(4,865)	(17,690)
Balance as at 30 April 2014	107,819	12,783	191,443	312,045	11,975	324,020
	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

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

Consolidated cash flow statement

For the year ended 30 April 2014

	2014	2013
Note	\$000's	\$000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,196,006	1,073,268
Payments to suppliers (inclusive of goods and services tax)	(684,200)	(577,294)
Payments of wages, salaries and on-costs	(114,732)	(103,831)
Interest received	4,886	2,622
Other revenue	785	3,848
Interest paid	(15,891)	(10,971)
Income taxes paid	(25,750)	(20,488)
	361,104	367,154
Payments to growers	(266,565)	(339,959)
Net cash inflow from operating activities	31 94,539	27,195
Cash flows from investing activities		
Payments for property, plant and equipment	(31,922)	(13,022)
Proceeds from sale of property, plant and equipment	4,419	540
Payments for intangibles	(365)	(1,111)
Net cash outflow from investing activities	(27,868)	(13,593)
Cash flows from financing activities		
Proceeds from borrowings	105,001	661,339
Repayment of borrowings	(224,220)	(529,230)
Repayment of finance leases	(948)	(822)
RMB equity redemptions	19 (2,363)	(7,879)
Dividends paid to non controlling interests	(3,085)	(2,920)
Dividends paid to company's shareholders	(12,825)	(10,037)
Net cash (outflow)/inflow from financing activities	(138,440)	110,451
Net (decrease)/increase in cash and cash equivalents	(71,769)	124,053
Cash and cash equivalents at the beginning of the financial year	134,413	11,003
Effect of exchange rate changes on cash and cash equivalents	1,817	(643)
Cash and cash equivalents at end of year	9 64,461	134,413

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

Notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation of financial statements

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

Compliance with IFRS's

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

New and amended standards adopted by the Group

AASB 10 *Consolidated Financial Statements* replaces previous 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. There has been no change to the entities consolidated as a result of changes to this standard.

AASB 12 *Disclosure of Interest in Other Entities* sets out the required disclosures for entities reporting under the new standard AASB 10. There has been no change as a result of the application of these standards by the Group in any of the amounts recognised in the financial statements. Additional disclosure is included at note 29 and note 35.

AASB 13 *Fair Value Measurement* explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. Adoption of the standard had no material impact on any of the amounts recognised in the financial statements. Additional disclosure is included at note 3.

None of the other new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 May 2013 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 2014.

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, investment property and derivative financial instruments.

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 2014 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 over which the Group has control in accordance with AASB 10. Control includes the power to direct the activities which significantly affect the subsidiaries return, the rights to the variable returns of the subsidiary and the ability of the parent to exercise power to affect returns. The existence of all substantive rights are considered when assessing whether the parent has power over a subsidiary.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(i) Subsidiaries (continued)

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.

(c) Foreign currency translation

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

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

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

(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.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(e) Investment property

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

(f) Inventory

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

(g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

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

(h) Impairment of assets

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

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

(i) Intangible assets

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

1 Summary of significant accounting policies (continued)

(i) Intangible assets (continued)

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

(n) Employee benefits

Short term obligations

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

Long term obligations

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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.

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

Long term obligations (continued)

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

Termination benefits

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

(o) Income tax

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

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

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

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

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

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

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

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

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

1 Summary of significant accounting policies (continued)

(p) Financial Instruments

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

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

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

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

(q) Cash and cash equivalents

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

(r) Revenue recognition

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

(s) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 15). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 27). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

Notes to the financial statements continued

1 Summary of significant accounting policies (continued)

(t) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. 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 (j)). 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.

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 (effective for year ending 30 April 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It also sets out new rules for hedge accounting. The standard is expected to have no material effect on the Group’s accounting for financial instruments.

(ii) AASB 15 Revenue from contracts with customers (effective for year ending 30 April 2018)

AASB 15 clarifies that revenue must be recognised when goods or services are transferred to the customer, at the transaction price. The standard is expected to have no material effect on the Group’s accounting for revenue recognition.

There are no other standards that are effective for periods beginning on or after 1 May 2014 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 34 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 continued

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.

	2014	2013
	USD	USD
	000's	000's
Cash	1,941	2,052
Trade receivables	86,811	93,142
Trade payables	(38,307)	(36,164)
Forward exchange contracts:		
– selling foreign currency	(194,700)	(214,500)
– buying foreign currency	69,265	78,502
Net exposure – selling currency/(buying currency)	(74,990)	(76,968)

Sensitivity analysis

At 30 April 2014, had the US dollar increased by 5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$1,017,000 lower (2013 – a change of 5 cents: \$709,000 lower) and other equity would have been \$3,905,000 higher (2013: \$3,101,000 higher) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

At 30 April 2014, had the US dollar decreased by 5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$1,132,000 higher (2013 – a change of 5 cents: \$1,116,000 higher) and other equity would have been \$4,349,000 lower (2013: \$4,879,000 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.

2 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

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

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

	Weighted average interest rate	Balance
	%	\$000's
30 April 2014		
Cash at bank	0.9	(20,798)
Bank loans and bank overdrafts	4.1	194,420
Interest rate swap (notional principal amount)	4.0	(71,000)
Net exposure to cash flow interest rate risk		102,622
	Weighted average	Balance
	interest rate	\$000's
	%	
30 April 2013		
Cash at bank	3.7	(72,007)
Bank loans and bank overdrafts	4.2	312,109
Interest rate swap (notional principal amount)	4.1	(71,000)
Net exposure to cash flow interest rate risk		169,102

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

Sensitivity analysis

At 30 April 2014, 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 \$180,000 lower/higher (2013: \$423,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

(b) Credit risk

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

(c) Liquidity risk

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

Notes to the financial statements continued

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Financing arrangements

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

	2014	2013
	\$000's	\$000's
Floating rate:		
Bank overdraft – expiring within one year	9,660	11,358
Bank loans – expiring within one year	168,000	10,127
Bank loans – expiring beyond one year	42,000	–
	219,660	21,485

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

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

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 2014	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	223,769	37,708	4,453	–	265,930	265,930
Variable rate	92,117	4,697	112,383	–	209,196	194,420
Fixed rate	21,355	1,019	1,088	646	24,108	24,050
Total non-derivatives	337,241	43,424	117,924	646	499,234	484,400
Derivatives						
Interest rate swaps – net settled	651	274	442	–	1,367	1,367
Foreign currency contracts – gross settled						
(inflow)	292,206	–	–	–	292,206	(4,080)
outflow	(296,286)	–	–	–	(296,286)	
Total derivatives	(3,429)	274	442	–	(2,713)	(2,713)

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

	Less than 12 months \$000's	Between 1 and 2 years \$000's	Between 2 and 5 years \$000's	Over 5 years \$000's	Total contractual cash flows \$000's	Total carrying amount \$000's
30 April 2013						
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)

3 Fair value measurement of financial instruments

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

The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 or level 3 inputs.

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

4 Critical accounting estimates and judgements

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

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

(i) Impairment of assets

The Group tests for impairment of goodwill and other non-current assets in accordance with note 1(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations required the use of assumptions. Refer to note 16 for the details of these assumptions used for goodwill impairment testing.

Notes to the financial statements continued

4 Critical accounting estimates and judgements (continued)

(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 8(d) for further details on unrecognised deferred tax assets.

5 Revenue

	2014 \$000's	2013 \$000's
Sales revenue		
Sale of goods	1,136,582	1,060,068
Services	1,682	1,863
	1,138,264	1,061,931
Other revenue		
Interest received	4,980	1,967
Other sundry items	7,719	4,336
	12,699	6,303
	1,150,963	1,068,234

6 Other income

	2014 \$000's	2013 \$000's
Net gain on disposal of property, plant and equipment	249	–
Foreign exchange gains	1,508	875
	1,757	875

7 Expenses

Profit before income tax includes the following specific expenses:

	2014	2013
	\$000's	\$000's
Contributions to employee superannuation plans	4,004	3,721
Depreciation and amortisation		
Buildings	7,360	7,522
Plant and equipment	10,334	11,923
Leasehold improvements	382	666
Patents/brands and software	1,254	1,030
Total depreciation and amortisation expense	19,330	21,141
Other expenses		
Energy	22,479	24,993
Contracted services	19,666	19,096
Operating lease expenditure	8,138	7,521
Research and development	4,012	3,461
Advertising and artwork	22,116	20,003
Fair value adjustment to investment properties	–	50
Net loss on disposal of property, plant and equipment	–	500
Repairs and Maintenance	11,397	12,471
Insurance	3,438	3,722
Equipment Hire	4,318	4,036
Training	1,110	1,209
Internet, telephone and fax	2,330	2,274
Vehicles and travel	7,096	6,702
Capital restructuring costs	2,840	1,199
Other	27,875	20,530
Total other expenses	136,815	127,767

8 Income tax expense

(a) Income tax expense

Current tax expense	(19,301)	(22,647)
Deferred tax (expense)/benefit	(1,927)	303
Adjustments for current tax of prior periods	709	790
Income tax expense attributable to profit from continuing operations	(20,519)	(21,554)

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

(Decrease)/increase in deferred tax assets (note 18)	(1,090)	28
(Increase)/decrease in deferred tax liabilities (note 22)	(837)	275
	(1,927)	303

Notes to the financial statements continued

8 Income tax expense (continued)

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

	2014	2013
	\$000's	\$000's
Profit from continuing operations before related income tax	54,039	57,347
Income tax expense calculated at the Australian rate of tax of 30% (2013: 30%)	(16,212)	(17,204)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Entertainment	(43)	(62)
Research & development	186	213
Overseas withholding tax on subsidiary dividends	(1,438)	(986)
Double taxation of foreign subsidiary income under Australian attribution rules	(643)	–
Sundry items	432	(57)
	(1,506)	(892)
Tax effect of tax losses and temporary differences not recognised	(2,201)	(3,124)
Difference in overseas tax rates	108	–
Adjustments for prior periods	(708)	(334)
Income tax expense	(20,519)	(21,554)
(c) Tax relating to items of other comprehensive income		
Cash flow hedges	185	(574)
	185	(574)

(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 \$6,835,000 (2013: \$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 \$11,463,000 (2013: \$8,245,000) in the USA as the Group does not believe it is probable that future taxable amounts will be available to utilise the losses. The Group will reassess this position should conditions in the USA improve.

9 Cash and cash equivalents

	2014 \$000's	2013 \$000's
Cash at bank and on hand	84,810	146,263
	84,810	146,263

The Group manages its cash and borrowings on a net basis. At 30 April 2014, the Group had \$84,810,000 (2013: \$146,263,000) in cash at bank and on deposit. This needs to be notionally off-set against total borrowings of \$217,707,000 (2013: \$328,613,000) and the amounts owing to RMB for equity certificates of \$8,517,000 (2013: \$10,880,000). At 30 April 2014, Net Debt was \$141,414,000 (2013: \$193,230,000).

(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	84,810	146,263
Less: Bank overdraft (note 20)	(20,349)	(11,850)
Balances per statement of cash flows	64,461	134,413

(b) Risk exposure

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

10 Receivables

	2014 \$000's	2013 \$000's
Current		
Trade receivables	104,405	120,207
Provision for impairment of receivables (note a)	(623)	(1,690)
	103,782	118,517
Other receivables	3,433	2,957
GST receivable	8,897	17,942
Prepayments	10,999	10,910
	127,111	150,326

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

1 to 3 months	32	3,694
3 to 6 months	489	78
Over 6 months	205	143
	726	3,915

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

Included in the prior year impaired receivables was an amount due from a customer who was owed \$2,300,000 by the Group. The amount was settled in the current financial year.

Notes to the financial statements continued

10 Receivables (continued)

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

	2014 \$000's	2013 \$000's
At 1 May	1,690	347
Provision for impairment recognised during the year	578	1,538
Receivables written off during the year as uncollectible	(760)	(150)
Amounts subsequently collected	(858)	–
Foreign currency difference on translation	(27)	(45)
At 30 April	623	1,690

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

The directors are satisfied that debtors are fairly valued with respect to credit risk. Of the total trade receivables outstanding 96% (2013: 78%) are current, 3% (2013: 20%) are at 30 days, 0% (2013: 2%) are at 60 days and 1% are overdue. The directors have no reason to believe amounts not provided for will not be collected in full.

(b) Past due but not impaired

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

Up to 3 months	3,379	9,549
3 to 6 months	362	104
	3,741	9,653

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.

11 Inventories

	2014 \$000's	2013 \$000's
Raw materials	255,103	327,040
Finished goods	133,079	111,977
Packaging materials	9,108	11,254
Engineering and consumable stores	6,358	6,093
	403,648	456,364

12 Other financial assets

	2014 \$000's	2013 \$000's
Other unlisted securities	52	65
	52	65

13 Derivative financial instruments

	2014 \$000's	2013 \$000's
Current assets		
Forward foreign exchange contracts (cash flow hedges)	5,105	4,517
	5,105	4,517
Current liabilities		
Interest rate swaps (cash flow hedges)	1,367	1,324
Forward foreign exchange contracts (cash flow hedges)	1,024	–
	2,391	1,324

(a) Instruments used by the Group

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

(i) Interest rate swaps – cash flow hedges

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

Swaps currently in place cover 66.4% (2013: 48.6%) of the Obligor Group core debt and AGS bank loans. The fixed interest rates range between 2.93% – 4.805% (2013: 2.93% – 4.98%) and the variable rates are between 4.31% and 4.61% (2013: 3.34% and 4.77%).

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

(ii) Forward exchange contracts – cash flow hedges

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

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

Notes to the financial statements continued

13 Derivative financial instruments (continued)

(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.

14 Investments accounted for using the equity method

	2014 \$000's	2013 \$000's
Shares in associates	1,468	1,113

Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest	
		2014	2013
Pagini Transport (incorporated in Papua New Guinea)	Transport	28.85%	28.85%

	Consolidated	
	2014 \$000's	2013 \$000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	1,113	834
Share of profit/(loss) after related income tax	293	(35)
Gain on dilution of investment	-	333
Foreign currency difference	62	(19)
Carrying amount at the end of the financial year	1,468	1,113

(b) Share of associates' losses

Profit/(loss) before related income tax	293	(35)
Income tax benefit	-	-
Loss after related income tax	293	(35)

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

	Assets \$000's	Liabilities \$000's	Revenues \$000's	Profits \$000's
2014	11,331	6,243	2,163	1,016
2013	9,961	6,104	1,443	(113)

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.

15 Property, plant and equipment

	2014 \$000's	2013 \$000's
Freehold land		
At cost	12,912	15,051
	12,912	15,051
Buildings		
At cost	187,382	184,540
Less accumulated depreciation	(75,936)	(68,887)
	111,446	115,653
Leasehold improvements		
At cost	10,731	11,532
Less accumulated depreciation	(4,425)	(4,296)
	6,306	7,236
Plant and equipment		
At cost	191,730	185,510
Less accumulated depreciation	(143,638)	(141,505)
Under finance lease	3,328	2,447
Less accumulated depreciation	(2,421)	(1,992)
	48,999	44,460
Capital works in progress		
At cost	15,191	2,810
	194,854	185,210

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

Notes to the financial statements continued

15 Property, plant and equipment (continued)

	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	130,704	7,236	44,460	2,810	185,210

The impairment in 2013 relates to the fixed assets at SunFoods in the USA and Aqaba Processing Company in Jordan.

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

Purchase of Rice Storage Assets

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

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

Assets pledged as security

There are fixed and floating charges over fixed assets as disclosed in note 20.

16 Intangibles

	2014	2013
	\$000's	\$000's
Goodwill	2,819	2,819
Patents and brands	8,637	8,278
Less accumulated amortisation	(5,830)	(5,425)
	2,807	2,853
Software	5,743	4,926
Less accumulated amortisation	(4,164)	(3,780)
	1,579	1,146
Other	1,000	1,000
Less accumulated amortisation	(567)	(367)
	433	633
	7,638	7,451

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

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

Notes to the financial statements continued

16 Intangibles (continued)

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

	2014	2013
	\$000's	\$000's
Rice Marketing Global	29	29
Riviana Foods	2,605	2,605
CopRice	185	185
	2,819	2,819

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management for the forthcoming year. Cash flows beyond the 2014 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

	Growth Rate		Discount Rate	
	2014	2013	2014	2013
CGU	%	%	%	%
Rice Marketing Global	2.9	1.0	10.5	10.0
Riviana Foods	2.9	1.0	10.5	10.0
CopRice	2.9	1.0	10.5	10.0

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

Sensitivity to changes in assumptions

No realistic change in assumptions above would give rise to an impairment in the Riviana, Coprice and Rice Marketing Global cash generating units.

17 Investment properties

	Consolidated	
	2014	2013
	\$000's	\$000's
At fair value		
Opening balance at 1 May	1,150	1,200
Net loss from fair value adjustment	-	(50)
Closing balance at 30 April	1,150	1,150

Valuation basis

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

18 Deferred tax assets

	2014	2013
	\$000's	\$000's
The balance comprises temporary differences attributable to:		
Provisions	6,959	6,411
Accruals	1,076	1,273
Depreciation	5,779	6,570
Foreign exchange	2	16
Inventories	1,821	2,505
Other	-	77
	15,637	16,852
Interest rate swaps	717	397
Total deferred tax assets	16,354	17,249
Set-off of deferred tax liabilities pursuant to set-off provisions (note 22)	(3,884)	(2,729)
Net deferred tax assets	12,470	14,520
Deferred tax assets expected to be recovered within 12 months	3,616	4,191
Deferred tax assets expected to be recovered after more than 12 months	12,738	13,058
	16,354	17,249
Movements		
Opening balance at 1 May	17,249	17,436
(Charged)/credited to income statement	(1,090)	28
Foreign exchange differences on translation	(125)	85
Credited/(charged) to other comprehensive income	320	(300)
Closing balance at 30 April	16,354	17,249

Notes to the financial statements continued

19 Payables

	2014 \$000's	2013 \$000's
Current		
Trade and other payables	80,740	84,740
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	2,784	2,340
Total external trade payables	83,524	87,080
Amounts payable to Australian rice growers	140,245	128,233
	223,769	215,313
Non-current		
Trade and other payables	1,510	1,355
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	5,733	8,540
Total external trade payables	7,243	9,895
Amounts payable to Australian rice growers	34,918	60,260
	42,161	70,155

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.

20 Borrowings

	2014 \$000's	2013 \$000's
Current		
<i>Secured</i>		
Net accrued interest and capitalised borrowing costs	(866)	55
Bank overdrafts	20,349	11,850
Bank loans	87,684	171,011
Lease liability (note 27)	705	551
	107,872	183,467
Non current		
<i>Secured</i>		
Bank loans	109,118	145,010
Lease liability (note 27)	717	136
	109,835	145,146

The Group manages its cash and borrowings on a net basis. At 30 April 2014, the Group had total borrowings of \$217,707,000 (2013: \$328,613,000) and the amounts owing to RMB for equity certificates of \$8,517,000 (2013: \$10,880,000). It also had \$84,810,000 (2013: \$146,263,000) in cash at bank and on deposit. This needs to be notionally off-set against borrowings. At 30 April 2014 Net Debt was \$141,414,000 (2013: \$193,230,000).

20 Borrowings (continued)

(a) Significant terms and conditions of bank facilities

During the 2014 financial year, Ricegrowers Limited renegotiated its seasonal syndicated banking facility. The seasonal debt facility of \$240m was increased to \$250m and the maturity date was extended to 31 March 2015. The core debt facility limit was increased to \$105m with \$58m maturing 2 December 2016 and \$47m maturing 2 December 2018. The total facility limit of \$355m is \$35m higher than the prior year.

Ricegrowers Limited also has a \$5m money market lending facility expiring 31 March 2015.

Riviana Foods Pty Ltd repaid its \$40m seasonal and \$18m core debt facilities.

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.

There were no covenants breached during the period

(b) Fair values

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

(c) Carrying amount of all assets pledged as security

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

(d) Risk exposure

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

The Group's bank loans are categorised as follows:

	2014	2013
	\$000's	\$000's
Seasonal debt	87,000	170,000
Core debt	65,802	102,021
AGS debt	44,000	44,000
	196,802	316,021
Representing:		
Current bank loans	87,684	171,011
Non-current bank loans	109,118	145,010
	196,802	316,021

Seasonal debt

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

Core debt

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

AGS debt

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

Notes to the financial statements continued

21 Provisions

	2014	2013
	\$000's	\$000's
Current		
Employee benefits (note 28)	15,018	15,289
Employee allowances	177	153
Directors' retirement benefits	658	658
	15,853	16,100
Non current		
Employee benefits (note 28)	2,445	2,991
	2,445	2,991

(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.

22 Deferred tax liabilities

	2014	2013
	\$000's	\$000's
The balance comprises temporary differences attributable to:		
Prepayments	82	97
Inventories	2,475	1,785
Depreciation	-	(482)
Foreign exchange	348	341
Other	192	278
	3,097	2,019
Foreign exchange contracts	787	710
Total deferred tax liabilities	3,884	2,729
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	(3,884)	(2,729)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	3,884	3,211
Deferred tax liabilities expected to be settled after more than 12 months	-	-
	3,884	3,211
Movements		
Opening balance at 1 May	2,729	3,856
Charged/(credited) to income statement	837	(275)
Foreign exchange difference on translation	(187)	22
Charged/(credited) to other comprehensive income	505	(874)
Closing balance at 30 April	3,884	2,729

An assessable temporary difference exists for distributable earnings of a subsidiary business. However no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from this subsidiary and it is not expected to distribute these profits in the foreseeable future.

Notes to the financial statements continued

23 Contributed equity

	2014 \$000's	2013 \$000's
(a) Share capital		
Fully paid Ordinary B Class Shares	107,819	107,819

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

B Class shares

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

New shares issues have been halted whilst the Company reviews its capital structure. The number of B class shares on issue remains unchanged at 55,762,392 (2013: 55,762,392). No B class shares have been redeemed or issued in the past 2 years.

A Class shares

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

At 30 April 2014, 1,045 (2013: 864) 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).

The gearing ratios at 30 April 2014 and 30 April 2013 were as follows:

	Notes	2014 \$000's	2013 \$000's
Total borrowings	20	217,707	328,613
Add: amounts owing to the RMB for equity certificates	19	8,517	10,880
Less: cash and cash equivalents	9	(84,810)	(146,263)
Net debt		141,414	193,230
Total equity		324,020	314,297
Gearing ratio		44%	61%
Average gearing ratio		52%	43%

Average gearing in 2013/14 was adversely impacted by higher than usual inventory holdings. This level was impacted by the decision of the business to carryover crop and brokens into the 2014/15 financial year.

The year end gearing ratio was positively affected by rain delays impacting the timing of receipt of the C14 crop.

24 Reserves and retained profits

	2014 \$000's	2013 \$000's
Reserves		
General reserve	28,453	28,453
Asset revaluation reserve	4,917	4,917
Foreign currency translation reserve	(21,433)	(17,166)
Hedging reserve – cash flow hedges	846	811
	12,783	17,015
Retained profits	191,443	174,538
(a) Movements		
Foreign currency translation reserve		
Balance 1 May	(17,166)	(16,825)
Net exchange difference on translation of overseas controlled entities	(6,068)	(125)
Non controlling interest in translation differences	1,801	(216)
Balance 30 April	(21,433)	(17,166)
Hedging reserve – cash flow hedges		
Balance 1 May	811	2,573
Revaluation and transfer to profit and loss or inventory – gross	(224)	(1,913)
Deferred tax	185	574
Non controlling interest	74	(423)
Balance 30 April	846	811
Retained profits		
Balance 1 May	174,538	152,310
Net profit for the year	29,730	32,265
Dividends provided for or paid	(12,825)	(10,037)
Balance 30 April	191,443	174,538

(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.

Notes to the financial statements continued

25 Franked dividends

	2014	2013
	\$000's	\$000's
Dividend declared during the year ended 30 April 2014 of 23.0 cents (2013: 18.0 cents) per fully paid share	12,825	10,037

Date Declared **27 June 2013** 18 June 2012

The dividend of \$12,825,350 (2013: \$10,037,231) relates to a dividend declared and paid in respect of the 2013 (2013: 2012) financial year and was fully franked.

The franked portions of the final dividend recommended after 30 April 2014 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 2015:

	2014	2013
	\$000's	\$000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 – 30%)	54,772	56,611

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 \$5,497,000 (2013 – \$5,497,000).

26 Contingencies

Contingent liabilities

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

	2014	2013
	\$000's	\$000's
Letters of credit	261	2,069
Guarantee of bank advances	2,690	1,650
	2,951	3,719

27 Commitments for expenditure

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

	2014	2013
	\$000's	\$000's
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	11,250	4,381

27 Commitments for expenditure (continued)

(b) Lease commitments

	2014 \$000's	2013 \$000's
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	6,431	8,068
Later than one year but not later than five years	17,948	17,152
Later than five years	5,536	6,795
	29,915	32,015
Representing:		
Cancellable operating leases	29,915	32,015
Commitments in relation to finance leases are payable as follows:		
Within one year	742	586
Later than one year but not later than five years	738	141
Minimum lease payments	1,480	727
less: future finance charges	(58)	(40)
Recognised as a liability	1,422	687
Representing lease liabilities:		
Current (note 20)	705	551
Non current (note 20)	717	136
	1,422	687

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

28 Employee benefits

(a) Employee benefits and related on cost liabilities

Provision for employee benefits (note 21)

	2014 \$000's	2013 \$000's
Current	15,018	15,289
Non-current	2,445	2,991
Aggregate employee entitlement benefits	17,463	18,280

Employee numbers

	Number	Number
Average number of employees during the year	2,156	2,119

(b) Superannuation plan/commitments

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

Notes to the financial statements continued

29 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	
			2014	2013
			%	%
SunRice Trading Pty Ltd	Australia	Distribution of rice	100	100
SunFoods LLC	USA	Processing and distribution of rice	65	65
Rice Research Australia Pty Ltd	Australia	Research into rice growing	100	100
Australian Grain Storage Pty Ltd	Australia	Grain Storage Assets	100	100
SunRice Australia Pty Ltd	Australia	Marketing	100	100
Silica Resources Pty Ltd	Australia	Investment	100	100
Riviana Foods Pty Ltd	Australia	Importation/distribution of food products	100	100
Trukai Industries Limited	PNG	Distribution of rice	66.23	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	66.23	66.23
Rice Industries Limited	PNG	Property	66.23	66.23
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	100	100
SunArise Insurance Company Ltd	Bermuda	Insurance	100	100
Aqaba Processing Company Ltd	Jordan	Rice packing/storage	80	80
Sunshine Rice, Inc	USA	Marketing	100	100
Bligh Funds Management	Australia	Inactive	100	n/a

Non-controlling interests

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

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

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

Summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is disclosed at note 35.

30 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 29.

30 Related party transactions (continued)

(c) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

	2014	2013
	\$	\$
Short term employee benefits	5,036,781	4,794,066
Post-employment benefits	251,142	235,043
Termination benefits	106,002	–
Other long-term benefits	453,000	603,015
	5,846,925	5,632,124

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

(ii) Share holdings

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

Director	2014		2013	
	A Class	B Class	A Class	B Class
GF Lawson AM	1	330,139	1	330,139
NG Graham	1	100,897	1	100,897
GA Andreazza	1	80,279	1	80,279
LJ Arthur	1	233,818	1	233,818
GL Kirkup	1	67,424	1	67,424
GF Latta AM	–	29,838	–	29,838
DM Robertson	1	224,539	1	224,539
AD Walsh	3	500,350	3	500,350

R Gordon and PM Margin do not hold any shares.

	2014	2013
	B Class	B Class
Other Key Management Personnel		
M Bazley	19,491	19,491
D Keldie	14,784	14,784

Key management personnel not listed did not hold any shares. At 30 April 2013, B Hingle, a former member of the key management personnel held 11,000 B Class Shares.

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

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

Issuing entity	2014	2013
Ricegrowers Limited	1,601,568	1,601,568

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

Notes to the financial statements continued

30 Related party transactions (continued)

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

(iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party

	2014	2013
	\$000's	\$000's
Purchases of rice from Directors	4,442	5,726
Purchases of grain and other inputs from Directors	–	86
Sale of inputs to Directors	156	143
Sale of stockfeed to Directors	8	–

There were no transactions with other Key Management Personnel.

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

	2014	2013
	\$000's	\$000's
Profit for the year	33,520	35,793
Depreciation and amortisation	19,330	21,141
(Gain)/loss on sale/disposal of property, plant and equipment	(249)	500
Net exchange differences	(7,885)	518
Fair value revaluation of investment property	–	50
Impairment of non-current assets	–	3,837
Share of associate's net (profit)/loss	(293)	35

Changes in operating assets and liabilities

Decrease/(increase) in trade and other receivables	23,215	(26,694)
Decrease/(increase) in other operating assets	232	(2,077)
Decrease/(increase) in inventories	52,716	(77,727)
(Decrease)/increase in amounts payable to growers	(13,330)	55,475
(Decrease)/increase in trade and other creditors and employee entitlements	(6,418)	16,141
(Decrease)/increase in provision for income taxes payable	(8,226)	506
Decrease/(increase) in deferred tax balances	1,927	(303)
Net cash inflows from operating activities	94,539	27,195

32 Earnings per share

(a) Basic and diluted earnings per share

	2014	2013
	Cents	Cents
Basic and diluted earnings per share	53.3	57.9

(b) Reconciliation of earnings per share

	2014	2013
	\$000's	\$000's
Profit for the year	29,730	32,265

32 Earnings per share (continued)

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

	2014	2013
	000's	000's
Weighted average number of B Class shares	55,762	55,762

33 Subsequent events

On 26 June 2014 the Directors declared a fully franked final dividend of 23.0 cents per share. The financial impact of this dividend will be recognised in the 2015 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.

34 Parent entity information

(a) Summary financial information

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

	2014	2013
	\$000's	\$000's
Balance sheet		
Current assets	538,633	662,666
Total assets	653,320	763,184
Current liabilities	310,904	389,395
Total liabilities	413,416	533,696
Shareholders equity		
Issued capital	107,819	107,819
Reserves		
General reserve	18,657	18,657
Hedging reserve – cash flow hedges	1,117	368
Retained earnings	112,311	102,644
	239,904	229,488
Profit for the year	22,492	16,807
Total comprehensive income	23,241	14,196

(b) Guarantees entered into by the parent entity

	2014	2013
	\$000's	\$000's
Carrying amount included in current liabilities	–	–

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

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

No liability has been recognised at balance date.

Notes to the financial statements continued

34 Parent entity information (continued)

(c) Contingent liabilities of the parent entity

	2014 \$000's	2013 \$000's
Letters of credit	261	2,069
Guarantee of bank advances	1,711	692
	1,972	2,761

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

As at 30 April 2014, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$9,929,000 (30 April 2013 – \$2,162,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

35 Subsidiaries with material non-controlling interests

Trukai Industries Limited Summary financial information

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

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

	2014 \$000's	2013 \$000's
Dividends paid to Non-controlling Interests	4,865	2,919
Balance sheet		
Total assets	93,715	93,920
Total liabilities	(51,999)	(50,187)
Net assets	41,716	43,733
Accumulated non-controlling interests	14,087	14,769
Statement of comprehensive income		
Revenue	293,707	277,112
Profit after tax for the period	18,098	21,106
Other comprehensive income	(5,709)	(1,331)
Total comprehensive income	12,389	19,775
Non-controlling interest share of profit after tax for the period	6,112	7,127
Non-controlling interest share of total comprehensive income	4,184	6,678
Cash flows		
Cash flows from operating activities	23,384	24,681
Cash flows from investing activities	(3,018)	(1,556)
Cash flows from financing activities	(9,993)	(13,478)
Net increase in cash and cash equivalents	10,373	9,647

36 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 economics of the business.

Rice Marketing Global (RM Global)

The marketing and distribution of rice from all other sources, except the USA, 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 pet food and stock feed products through intermediaries to consumers and primary producers.

All other segments

Other includes operating segments not included above and beneath the disclosure threshold. This includes the SunFoods operating segment, 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 Global, RM&M Au Rice and the 'all 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.

Changes from prior periods

In light of the continuing under-performance of the SunFoods operating segment the Corporate Management Team has determined that the economic characteristics differ sufficiently from other members of the RM Global segment to warrant disaggregation from the former RM&M Global segment. As the segment is below disclosure thresholds prescribed by AASB 8 it has been included in "All other segments" in both the current and prior year (the comparative has been restated).

Notes to the financial statements continued

36 Segment information (continued)

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

	RM&M						Total
	Au Rice			All other			
	Pool	RM Global	Riviana	AGS	CopRice	segments	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	551,335	362,440	155,042	67,604	124,619	152,795	1,413,835
Inter-segment revenue	(194,574)	(13,025)	-	(67,604)	-	(368)	(275,571)
Revenue from external customers	356,761	349,415	155,042	-	124,619	152,427	1,138,264
Other revenue							12,699
Total revenue from continuing operations							1,150,963
Contributed EBIT	19,796	48,288	10,941	26,906	16,079	9,579	131,589
Finance expense (net)	(6,302)	(603)	(1,488)	(2,573)	(1,178)	1,623	(10,521)
Centralised corporate services	(26,351)	(18,827)	(7,589)	-	(5,988)	(3,856)	(62,611)
Capital restructuring costs	-	-	-	-	-	(2,840)	(2,840)
Other (expenses)/income	12,857	3,391	(1,047)	(20,572)	(231)	3,453	(2,149)
Contributed NPBT	-	32,249	817	3,761	8,682	7,959	53,468
Intersegment eliminations							571
Profit before income tax							54,039
Depreciation and amortisation	(4,781)	(2,088)	(1,489)	(6,692)	(954)	(3,326)	(19,330)
Acquisitions of property, plant and equipment	12,675	3,072	992	2,604	6,727	5,852	31,922
Segment assets	436,238	144,143	82,234	89,278	41,368	90,543	883,804
Intersegment eliminations							(140,677)
Cash							84,810
Deferred tax assets							12,470
Total assets							840,407
Segment liabilities	248,779	44,295	33,300	28,054	6,351	78,541	439,320
Intersegment eliminations							(152,701)
Current tax liability							12,061
Deferred tax liabilities							-
Borrowings							217,707
Total liabilities							516,387

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

The 'All other' segment includes the SunFoods operating segment which previously formed part of the RM&M Global segment. In 2014 this operating segment generated a Contributed NPBT loss of \$5,436,000 (2013: loss of \$10,367,000 which includes \$3,240,000 from impairment of Property, Plant & Equipment). This loss was attributable to difficult trading conditions in US tender markets.

36 Segment information (continued)

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

	RM&M					All other segments	Total
	Au Rice – Paddy Pool	RM Global	Riviana	AGS	CopRice		
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	531,255	325,986	147,875	63,550	109,875	147,807	1,326,348
Inter-segment revenue	(193,550)	(6,948)	–	(63,543)	–	(376)	(264,417)
Revenue from external customers	337,705	319,038	147,875	7	109,875	147,431	1,061,931
Other revenue							6,303
Total revenue from continuing operations							1,068,234
Contributed EBIT	22,203	47,203	18,011	13,955	14,309	9,959	125,640
Finance expense (net)	(7,351)	(1,683)	(1,556)	(1,984)	(1,270)	3,644	(10,200)
Centralised corporate services	(21,334)	(14,955)	(6,679)	–	(4,293)	(3,996)	(51,257)
Impairment of assets	(405)	–	–	–	–	(3,432)	(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	–	32,294	9,749	3,500	8,702	4,440	58,685
Intersegment eliminations							(1,338)
Profit before income tax							57,347
Depreciation and amortisation	(5,331)	(2,280)	(1,848)	(6,919)	(1,221)	(3,542)	(21,141)
Acquisitions of property, plant and equipment	4,576	2,601	1,638	814	1,303	2,090	13,022
Segment assets	537,019	50,280	123,373	102,065	33,390	71,066	917,193
Intersegment eliminations							(110,997)
Cash							146,263
Deferred tax assets							14,520
Total assets							966,979
Segment liabilities	303,178	1,995	23,753	43,545	6,760	60,043	439,274
Intersegment eliminations							(133,391)
Current tax liability							18,186
Deferred tax liabilities							–
Borrowings							328,613
Total liabilities							652,682

Notes to the financial statements continued

36 Segment information (continued)

Other segment information – geographical areas

	Australia	PNG	Other	Total
2014	\$000's	\$000's	\$000's	\$000's
Revenues from external customers	359,393	292,136	486,735	1,138,264
<hr/>				
2013				
Revenues from external customers	341,155	275,455	445,321	1,061,931

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 \$168,879,000 (2013: \$158,619,000) and the total of these non-current assets located in other countries is \$36,284,000 (2013: \$36,370,000). Segment assets are allocated to countries based on where the assets are located.

37 Remuneration of auditors

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

	2014	2013
	\$	\$
(a) Assurance services		
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm	320,600	271,500
Fees paid to related practices of PricewaterhouseCoopers Australian firm	123,070	122,194
Fees paid to non-PricewaterhouseCoopers audit firm	17,133	13,298
Total remuneration for audit services	460,803	406,992
(b) Accounting services		
Fees paid to PricewaterhouseCoopers Australian firm*	42,150	5,150
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-
Total remuneration for accounting services	42,150	5,150
(c) Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm*	1,061,369	397,350
Fees paid to related practices of PricewaterhouseCoopers Australian firm	29,871	42,807
Total remuneration for taxation services	1,091,240	440,157

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.

*2014 includes \$837,540 (2013: \$167,160) relating to tax and accounting advice associated with the capital structure review which is included in the capital restructuring costs of \$2,840,000 (2013: \$1,199,000) in note 7.



Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the consolidated balance sheet as at 30 April 2014, 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 Ricegrowers Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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



- (a) the financial report of Ricegrowers Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 April 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 4 to 16 of the directors' report for the year ended 30 April 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

S J Bourke
Partner

Sydney
26 June 2014