

# 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 2015

## For announcement to the market

					\$A,000
Revenue	up	8.3 %	to		1,246,215
Profit for the period (after tax)	up	46.7 %	to		49,174
Profit for the period attributable to members of Ricegrowers Limited	up	46.0 %	to		43,425

## Commentary on results for the period

The group’s revenue for the year ended April 2015 of \$1,246 million was higher by 8.3% compared to the prior year of \$1,151 million.

Profit before income tax was \$70.7 million compared to the prior year of \$54.0 million.

Consolidated profit attributable to members of Ricegrowers Limited for the year ended April 2015 was \$43.4 million compared to \$29.7 million for the prior year. The increase in consolidated profit was driven by the successful execution of the Group’s strategy to focus on premium branded markets, supplemented by global rice sourcing; and the significant improvement in performance of Riviana. The Directors have declared a fully franked final dividend of 26 cents per share, representing 40% of profit after tax attributed to members of Ricegrowers Limited when including the special dividend of 5 cents paid on 15 January 2015.

Gearing at 30 April 2015 (calculated as net debt divided by equity) remains unchanged at 44%.

SunRice had a strong trading year supported by a crop of 829,000 tonnes. In our Rice Pool business, which underpins our paddy price, performance was driven by impressive sales and profit growth across international markets. When combined with improved milling yields for the C14 crop and strong global pricing, this had a positive effect on the C14 paddy price of \$394.62 per tonne for medium grain Reiziq (prior year \$293.61 per tonne).

<b>Dividends</b>	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
<b>Final dividend</b>		
Amount per <i>security</i>	26.0 cents	23.0 cents
Franked amount per <i>security</i>	26.0 cents	23.0 cents
<b>Special dividend</b>		
Amount per <i>security</i>	5.0 cents	-
Franked amount per <i>security</i>	5.0 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	30 July 2015
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)	10 July 2015
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

<b>NTA Backing</b>	Current period	Previous corresponding period
Net tangible asset backing per ordinary <i>security</i>	6.37	5.67

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

**Financial Report**

**30 April 2015**

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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 23 June 2015.

# Directors' Report

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

## 1. Directors

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

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

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

## 2. Company Secretary

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Mandy Del Gigante

## 3. Principal activities

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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

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

## 5. Review of operations

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### Outstanding full year performance

In 2014/15, the SunRice Group achieved impressive revenue and profit growth, made significant investment across its operations, products and people, and had resounding success in driving sales and profit growth across multiple markets.

For the year ended 30 April 2015, consolidated revenue reached \$1.25 billion, up 8.3% on the \$1.151 billion recorded in 2013/14. Net Profit after Tax for the full year was \$49.2 million, up 47% compared to the \$33.5 million recorded in 2013/14.

SunRice advised a final paddy price to growers for Medium Grain (Reiziq) of \$394.62 for the C14 crop, up 34.4% on last year. Premium prices for Koshihikari and specialty varieties reached \$524.62 for C14; a 30% uplift on last year.

B Class shareholders received a record fully franked dividend in 2014/15 via a full-year dividend of 26 cents per B Class Share. This was in addition to a special mid-year dividend of 5 cents per Share. In total, the combined dividend of 31 cents represented a 35% uplift on last year.

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

Gearing at year end (calculated as net debt divided by equity) was 44%, in line with last year.

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

# Directors' Report continued

## 5. Review of operations (continued)

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### **Navigating dynamic operating environments**

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

Riviana Foods returned to a position of strength following the currency-related challenges of 2013/14 due to a strategic focus on sustainable margins and cost control. Challenging operating conditions impacted SunFoods, which in spite of improved profitability finished the year in a loss-making position. The risk environment in Papua New Guinea also increased during the year, with the release of a draft National Rice Policy and a reduction in the Kina's liquidity after the Papua New Guinean currency was fixed mid-year. While the liquidity constraints impacted Trukai Industries, the company was able to mitigate this risk without impacting Group profits. We continue to monitor sovereign risk in this market closely.

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

### **Driving global demand for Australian rice**

Over the past 12 months, SunRice continued to deliberately build branded sales in key global markets. This has been a central element in the Group's strategy to grow branded markets off-shore and create demand for a crop larger than can consistently be supplied from its Australian base. The capacity to supplement local production with global sourcing to fulfil this demand is key to ensuring SunRice is able to sell Riverina rice into premium global markets first and deliver price benefits to growers.

### **Strong domestic retail partnerships**

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

### **Strategic investment in North Queensland**

SunRice acquired the rice milling assets of the Blue Ribbon Rice Group in the Burdekin region of North Queensland in 2014/15 for \$4.9m. This strategic investment will complement the company's existing supply of rice from the Riverina region, with a particular focus on specialty rice. As a result, substantial research and development and grower extension expertise is being provided to North Queensland growers to support what is, at this stage, still a fledgling industry.

Over time this acquisition is expected to help strengthen SunRice's ability to successfully target premium, niche export markets and enable the company to further diversify and increase the resilience of the SunRice Group's earnings.

### **The opportunity for SunRice**

From this current position of strength and with the platform set for accelerated growth, the SunRice Group and its growers and shareholders are in an enviable position. The potential new capital structure for SunRice currently being considered by shareholders is a powerful opportunity to secure the future of the SunRice business to benefit all growers and shareholders, without the loss of grower control. SunRice will continue to engage directly with shareholders on this in the months ahead.

## 6. Significant changes in the state of affairs

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

## **7. Events subsequent to the balance sheet date**

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

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

## **8. Likely developments and expected results of operations**

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

## **9. Environmental regulation**

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

### **Land Development Approvals**

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

### **Manufacturing**

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

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

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

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

### **Greenhouse gas and energy data reporting requirements**

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

Ricegrowers Limited has assessed its energy usage and submitted its National Greenhouse and Energy Report to the Clean Energy Regulator for the period 1st July 2013 to 30th June 2014. The report requires the reporting of direct and indirect emissions. The consumption of 547,003 gigajoules of energy and calculated emissions of 102,165 tonnes of CO<sub>2</sub> were reported for the reporting period.

## **10. Paddy supply**

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The paddy supply for 2015/2016 from Australian ricegrowers is expected to be approximately 689,000 tonnes (2014/2015: 829,000 tonnes).

# Directors' Report continued

## 11. Top Ten Shareholders

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

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

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

## 12. Directors' and company secretary qualifications

Refer to the Annual Report for details.

## 13. Directors' interests in shares

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

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

R Gordon and PM Margin do not hold any shares.

## 14. Directors' meetings

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

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

## **15. Indemnification of officers**

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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**

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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)**

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

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

### **Outline of this Remuneration Report**

The Remuneration Report has the following sections:

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

### **1. Overview**

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

Remuneration policies and practices are guided by the following principles:

- a) The remuneration policies provide a greater degree of transparency and consistency, governance and structure of remuneration for employees of the company, shareholders and rice growers
- b) Total remuneration is fair and equitable internally and in our chosen markets
- c) Robust policies and processes which underpin the approach to benchmarking remuneration and setting incentive targets to ensure the remuneration is adequate to attract, retain and motivate key employees while providing a suitable return for shareholders; and
- d) Variable remuneration is aligned to strategy, drives consistent and sustainable performance and drives the right outcomes and behaviours

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

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### 2. Key Management Personnel

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

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

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

#### A. Current Directors (including the Executive Director)

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

#### B. Former Directors

GF Lawson AM	2 December 1985 (retired 19 December 2014)
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#### C. Current Executives

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

#### D. Former Executives

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

### 3. Remuneration governance at Ricegrowers Limited

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

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

## 17. Remuneration report (audited) (continued)

### 3. Remuneration governance at Ricegrowers Limited (continued)

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

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

### 4. Remuneration of Non-Executive Directors

#### *Directors' fee*

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

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

#### **Base fees**

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

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

#### **Committee Chair and Member fees**

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

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

<b>Subsidiary Board Chair and Member fees</b>	<b>Fees</b>
Riviana Chair	\$7,000
Riviana Member	\$3,500

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

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### 4. Remuneration of Non-Executive Directors (continued)

In addition to the above fees, Ricegrowers Limited contributes the statutory superannuation (currently 9.5%) on behalf of all Directors.

Non-Executive Directors of Ricegrowers Limited who are Directors of Trukai Industries Limited also received annual Director Fees for their roles in recognition of the additional workload associated with travel to and management of an operation based in Papua New Guinea. Mr Robertson received \$11,965 (Kina 25,000) and L Arthur received \$9,572 (Kina 20,000) in relation to FY15 (Kina 25,000 and Kina 20,000 respectively in FY14). Total remuneration received by Directors published in the Remuneration Tables on page 14 reflects the aggregate of all Directors' Fees received by a Director in respect of Ricegrowers Limited and any of its Subsidiaries.

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

#### *Directors' fee review*

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

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

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

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

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

Refer to the Remuneration Table on page 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 2010 Annual General Meeting held on 27 August 2010 a change to the structure of Directors' remuneration which included the termination of the Retirement Benefit Scheme. Ricegrowers Limited's liability has been fully provided in previous years, therefore there will be no additional cost to the company.

## **17. Remuneration report (audited) (continued)**

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### **5. Executive remuneration policy and framework**

#### *Review of remuneration strategy and policies*

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

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

#### *Remuneration strategy*

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

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

#### *Remuneration framework*

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

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

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

#### *Fixed Annual Remuneration*

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

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

### 5. Executive remuneration policy and framework (continued)

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

- I. Relative size and complexity of the role
- II. Skills and competencies needed to generate results
- III. Sustained contribution to the team and organisation
- IV. The value of the role and contribution of the individual in the context of the external market
- V. Strategic planning including succession and retention of corporate knowledge

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

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

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

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

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

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

#### *Variable Remuneration*

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

#### *A. "At risk" remuneration*

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

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

## 17. Remuneration report (audited) (continued)

### 5. Executive remuneration policy and framework (continued)

#### B. Short Term Incentive scheme

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

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

#### STI for Executives (excluding the Ricegrowers Limited CEO)

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

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

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

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

### 5. Executive remuneration policy and framework (continued)

Component	Performance measures
Group performance	Each Executive is subject to the same Group profit performance measure. This component is awarded on a sliding scale between 95% of target (at which point 50% is awarded) and 110% of the target (at which point 125% is awarded). The above measure was chosen as a key metric to provide the link between Group performance and balancing our objective to achieve the best possible returns for rice growers whilst acting in the best interests of shareholders.
Business Unit performance	<p><i>1. Profit</i></p> <p>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></p> <p>The Safety, Health and Environment (SHE) Target assesses the safety performance of the Executives' Business Unit by measuring the reduction in Lost Time Injury Frequency Rate (LTIFR) and the Lost Time Injury Severity Rate (LTISR) whilst progressively moving towards proactive preventative SHE actions. The two lead indicators used to measure preventative SHE actions comprise:</p> <ul style="list-style-type: none"> <li>a) Safety Health and Environment Element Audits</li> <li>b) Near Miss Identification</li> </ul> <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').

#### *STI for the Ricegrowers Limited's CEO*

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

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

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

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

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

## 17. Remuneration report (audited) (continued)

### 5. Executive remuneration policy and framework (continued)

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

*Link to performance of Ricegrowers Limited*

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

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

#### C. Long Term Incentive scheme

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

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

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

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

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

### 6. Remuneration tables

#### Executives

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

- In accordance with accounting standards, the Ricegrowers Limited Chief Executive Officer's remuneration includes amounts provided in the relevant years as the best estimate of the LTI relating to that year's performance. The provision reflects the final tranche of the three-year LTI plan based on achievement of the service and performance conditions outlined in the LTI plan.
- 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.
- J Brennan commenced as Chief Financial Officer on 1 September 2014
- E Zammit commenced as Interim Chief Financial Officer on 11 November 2013 and ceased on 31 December 2014
- B Hingle ceased as Chief Financial Officer on 23 December 2013.
- J Lloyd retired on 30 April 2014 at which time he was provided with a Termination Benefit as provided for in his service agreement.
- The Cash bonuses for J Brennan and E Zammit reflect pro-rated amounts based on their length of service during the year

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

**17. Remuneration report (audited) (continued)**

**6. Remuneration tables (continued)**

**Non-Executive Directors**

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

1. Base fees revised for LJ Arthur to reflect appointment to Board Chairman effective 19.12.2014

2. LJ Arthur and DM Robertson as Directors of Trukai Industries Limited receive Directors' fees from Trukai Industries Limited.

3. PM Margin as Board Chairman of Riviana Foods received a total \$7,000 in Board fees

4. GL Kirkup and AD Walsh as Board Members of Riviana Foods received a total \$3,500 in Board fees. The Riviana Board fees for LJ Arthur and DM Robertson were pro-rated to \$2,220 and \$1,280 respectively for their part-year representation on the Riviana Board.

# Directors' Report continued

## 17. Remuneration report (audited) (continued)

### 6. Remuneration tables (continued)

#### Service Agreements

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

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

Additional comments:

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

#### Share holdings

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

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

R Gordon and PM Margin do not hold any shares.

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

Key management personnel not listed did not hold any shares.

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

## 17. Remuneration report (audited) (continued)

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### 6. Remuneration tables (continued)

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

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

### Transactions with Directors and other Key Management Personnel

*Transaction type and class of other party*

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

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There were no transactions with other Key Management Personnel.

### 7. Remuneration Consultants

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

*Provision of a "remuneration recommendation"*

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

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

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

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

## 18 Auditor's independence declaration

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A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

## 19 Rounding of amounts

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

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

For and on behalf of the Board.



L Arthur  
Chairman  
23 June 2015



NG Graham  
Deputy Chairman

# Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 20 to 67 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 April 2015 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that Ricegrowers Limited will be able to pay its debts as and when they become due and payable.

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

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

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

For and on behalf of the Board.

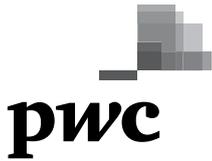


L Arthur  
Chairman



NG Graham  
Deputy Chairman

23 June 2015



## Auditor's Independence Declaration

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

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Paddy Carney', with a small dot at the end.

Paddy Carney  
Partner  
PricewaterhouseCoopers

Sydney  
23 June 2015

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# Consolidated income statement

For the year ended 30 April 2015

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

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

# Consolidated statement of comprehensive income

For the year ended 30 April 2015

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

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

# Consolidated balance sheet

As at 30 April 2015

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

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

# Consolidated statement of changes in equity

For the year ended 30 April 2015

	<b>Contributed equity</b>	<b>Reserves</b>	<b>Retained Profits</b>	<b>Parent entity interest</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Balance as at 1 May 2014	<b>107,819</b>	<b>12,783</b>	<b>191,443</b>	<b>312,045</b>	<b>11,975</b>	<b>324,020</b>
Profit for the year	-	-	<b>43,425</b>	<b>43,425</b>	<b>5,749</b>	<b>49,174</b>
Other comprehensive income	-	<b>4,632</b>	-	<b>4,632</b>	<b>2,935</b>	<b>7,567</b>
Total comprehensive income for the year	-	<b>4,632</b>	<b>43,425</b>	<b>48,057</b>	<b>8,684</b>	<b>56,741</b>
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	<b>(15,614)</b>	<b>(15,614)</b>	<b>(1,291)</b>	<b>(16,905)</b>
	-	-	<b>(15,614)</b>	<b>(15,614)</b>	<b>(1,291)</b>	<b>(16,905)</b>
Balance as at 30 April 2015	<b>107,819</b>	<b>17,415</b>	<b>219,254</b>	<b>344,488</b>	<b>19,368</b>	<b>363,856</b>
	<b>Contributed equity</b>	<b>Reserves</b>	<b>Retained Profits</b>	<b>Parent entity interest</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Balance as at 1 May 2013	107,819	17,015	174,538	299,372	14,925	314,297
Profit for the year	-	-	29,730	29,730	3,790	33,520
Other comprehensive income	-	(4,232)	-	(4,232)	(1,875)	(6,107)
Total comprehensive income for the year	-	(4,232)	29,730	25,498	1,915	27,413
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(12,825)	(12,825)	(4,865)	(17,690)
	-	-	(12,825)	(12,825)	(4,865)	(17,690)
Balance as at 30 April 2014	107,819	12,783	191,443	312,045	11,975	324,020

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

# Consolidated cash flow statement

For the year ended 30 April 2015

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

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

# Notes to the financial statements

## 1 Summary of significant accounting policies

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

### (a) Basis of preparation of financial statements

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

#### *Compliance with IFRS*

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

#### *New and amended standards adopted by the Group*

##### *Interpretation 21 Accounting for Levies*

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

##### *AASB 2013-2 Offsetting Financial Assets and Financial Liabilities*

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

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

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

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

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

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

#### *Early adoption of standards*

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

#### *Historical cost convention*

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

#### *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates which, by definition, will seldom equal the actual results. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

### (b) Principles of consolidation

#### (i) *Subsidiaries*

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

# Notes to the financial statements *continued*

## **1 Summary of significant accounting policies (continued)**

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### **(b) Principles of consolidation (continued)**

#### *(i) Subsidiaries (continued)*

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

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### *(ii) Associates*

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

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

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

### **(c) Foreign currency translation**

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

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

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

## 1 Summary of significant accounting policies (continued)

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### (d) Investments and other financial assets

The group classifies its financial assets in the following categories:

- loans and receivables, and
- available-for-sale financial assets.

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

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

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

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

### (e) Investment property

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

### (f) Inventory

Raw materials, finished goods and packaging materials have been valued on the basis of the lower of cost or net realisable value. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventory. Raw materials, finished goods, consumable stores and packaging materials inventory are determined from a combination of weighted average purchase price and standard costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products with recovery on the basis of normal operating capacity. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

### (g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

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

# Notes to the financial statements continued

## 1 Summary of significant accounting policies (continued)

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### (h) Impairment of assets

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

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

### (i) Intangible assets

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

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

Capitalised software and IT systems are amortised over 3 years.

### (j) Research and development costs

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

### (k) Trade receivables and accounts payable

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

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

### (l) Borrowings

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

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

## **1 Summary of significant accounting policies (continued)**

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### **(l) Borrowings (continued)**

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

### **(m) Grower payables**

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

### **(n) Employee benefits**

#### *Short term obligations*

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

#### *Long term obligations*

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Expected future payments are discounted using interest rates on government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

#### *Termination benefits*

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

### **(o) Income tax**

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

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

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

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

# Notes to the financial statements continued

## **1 Summary of significant accounting policies (continued)**

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### **(o) Income tax (continued)**

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

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

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

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

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

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

### **(p) Financial Instruments**

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

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

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

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

### **(q) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and other highly liquid investment with original maturities of three months or less that are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

## **1 Summary of significant accounting policies (continued)**

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### **(r) Revenue recognition**

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

### **(s) Leases**

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

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

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

### **(t) Business Combinations**

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

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

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

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

### **(u) Segment reporting**

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

# Notes to the financial statements continued

## 1 Summary of significant accounting policies (continued)

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### (v) Provisions

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

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

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

### (w) Dividends

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

### (x) Goods and Services Tax (GST)

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

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

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

### (y) Contributed equity

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

### (z) Government assistance

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

### (aa) Earnings per share

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

### (ab) Rounding of amounts

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

### (ac) New accounting standards and interpretations

#### (i) AASB 9 Financial Instruments (effective for year ending 30 April 2019)

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

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

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

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

## **1 Summary of significant accounting policies (continued)**

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### **(ad) Parent entity information**

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

#### *(i) Investments in subsidiaries*

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

#### *(ii) Tax consolidation legislation*

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

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

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

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

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

## **2 Financial risk management**

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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.

# Notes to the financial statements continued

## 2 Financial risk management (continued)

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

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

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

### *Sensitivity analysis*

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

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

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

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

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

## 2 Financial risk management (continued)

### (ii) Cash flow and fair value interest rate risk

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

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

	<b>Weighted average interest rate %</b>	<b>Balance \$000's</b>
30 April 2015		
Cash at bank	5.7	52,329
Bank loans and bank overdrafts	3.5	(216,091)
Interest rate swap (notional principal amount)	1.5	53,000
Net exposure to cash flow interest rate risk		<u>(110,762)</u>
	Weighted average interest rate %	Balance \$000's
30 April 2014		
Cash at bank	3.0	20,798
Bank loans and bank overdrafts	4.1	(194,420)
Interest rate swap (notional principal amount)	4.0	71,000
Net exposure to cash flow interest rate risk		<u>(102,622)</u>

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

### Sensitivity analysis

At 30 April 2015, if interest rates had changed by +/- 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been \$365,000 lower/higher (2014: \$180,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

### (b) Credit risk

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

### (c) Liquidity risk

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

# 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:

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

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

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

#### Maturities of financial liabilities

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

30 April 2015	Less than 12 months \$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
<b>Non-derivatives</b>						
Non-interest bearing	231,677	58,892	–	–	290,569	290,569
Variable rate	114,184	98,091	5,000	–	217,275	216,091
Fixed rate	4,761	1,720	–	–	6,481	5,402
Total non-derivatives	<b>350,622</b>	<b>158,703</b>	<b>5,000</b>	–	<b>514,325</b>	<b>512,062</b>
<b>Derivatives</b>						
Interest rate swaps – net settled	1,276	871	112	–	2,259	2,259
Foreign currency contracts – gross settled						
(inflow)	263,013	–	–	–	263,013	(415)
outflow	(263,428)	–	–	–	(263,428)	–
Total derivatives	<b>861</b>	<b>871</b>	<b>112</b>	–	<b>1,844</b>	<b>1,844</b>

## 2 Financial risk management (continued)

### (c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

30 April 2014	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Non-derivatives</b>						
Non-interest bearing	223,769	37,708	4,453	–	265,930	265,930
Variable rate	92,117	4,697	112,383	–	209,197	194,420
Fixed rate	21,355	1,019	1,088	646	24,108	24,050
Total non-derivatives	337,241	43,424	117,924	646	499,235	484,400
<b>Derivatives</b>						
Interest rate swaps – net settled	651	274	442	–	1,367	1,367
Foreign currency contracts – gross settled						
(inflow)	292,206	–	–	–	292,206	(4,080)
outflow	(296,286)	–	–	–	(296,286)	–
Total derivatives	(3,429)	274	442	–	(2,713)	(2,713)

## 3 Fair value measurement of financial instruments

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

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

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

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

# Notes to the financial statements continued

## 4 Critical accounting estimates and judgements

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

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

### (i) Impairment of assets

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

### (ii) Raw material inventory and amounts payable to growers

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

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

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

## 5 Revenue

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

## 6 Other income

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

## 7 Expenses

Profit before income tax includes the following specific expenses:

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

## 8 Income tax expense

### (a) Income tax expense

	2015 \$000's	2014 \$000's
Current tax expense	(24,225)	(19,301)
Deferred tax benefit/(expense)	929	(1,927)
Adjustments for current tax of prior periods	1,820	709
Income tax expense attributable to profit from continuing operations	<b>(21,476)</b>	(20,519)

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

Increase/(decrease) in deferred tax assets (note 17)	1,497	(1,090)
Increase in deferred tax liabilities (note 21)	(568)	(837)
	<b>929</b>	(1,927)

# Notes to the financial statements continued

## 8 Income tax expense (continued)

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

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

### (c) Tax relating to items of other comprehensive income

Cash flow hedges	<b>(1,122)</b>	185
	<b>(1,122)</b>	185

### (d) Tax consolidation legislation

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

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

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

## 9 Cash and cash equivalents

	2015 \$000's	2014 \$000's
Cash at bank and on hand	<b>68,432</b>	84,810
	<b>68,432</b>	84,810

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

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

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

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

### (b) Risk exposure

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

## 10 Receivables

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

### (a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

1 to 3 months	-	32
3 to 6 months	<b>48</b>	489
Over 6 months	<b>1,403</b>	205
	<b>1,451</b>	726

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

# Notes to the financial statements continued

## 10 Receivables (continued)

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

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

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

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

### (b) Past due but not impaired

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

Up to 3 months	<b>4,251</b>	3,379
3 to 6 months	<b>460</b>	362
	<b>4,711</b>	3,741

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

### (c) Fair values

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

### (d) Risk exposure

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

## 11 Inventories

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

## 12 Derivative financial instruments

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

### (a) Instruments used by the Group

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

#### (i) Interest rate swaps – cash flow hedges

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

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

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

#### (ii) Forward exchange contracts – cash flow hedges

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

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

### (b) Risk exposure

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

# Notes to the financial statements continued

## 13 Investments accounted for using the equity method

	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
<b>Shares in associates</b>	<b>1,861</b>	1,468

Information relating to the associate is set out below.

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

	<b>Consolidated</b>	
	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
<b>(a) Movements in carrying amounts</b>		
Carrying amount at the beginning of the financial year	<b>1,468</b>	1,113
Share of profit after related income tax	<b>108</b>	293
Foreign currency difference	<b>285</b>	62
Carrying amount at the end of the financial year	<b>1,861</b>	1,468

### **(b) Share of associates' losses**

Profit before related income tax	<b>108</b>	293
Income tax benefit	<b>-</b>	-
Loss after related income tax	<b>108</b>	293

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

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

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

## 14 Property, plant and equipment

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

### Reconciliations

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

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

# Notes to the financial statements continued

## 14 Property, plant and equipment (continued)

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

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

### *Purchase of Rice Storage Assets*

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

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

### *Assets pledged as security*

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

## 15 Intangibles

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

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

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

# Notes to the financial statements continued

## 15 Intangibles (continued)

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

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

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

*Key assumptions used for value in use calculations*

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

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

*Sensitivity to changes in assumptions*

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

## 16 Investment properties

	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
At fair value		
Opening balance at 1 May	<b>1,150</b>	1,150
Closing balance at 30 April	<b>1,150</b>	1,150

*Valuation basis*

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

## 17 Deferred tax assets

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

## 18 Payables

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

# Notes to the financial statements continued

## 18 Payables (continued)

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

### (a) Fair values

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

### (b) Risk exposure

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

## 19 Borrowings

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

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

### (a) Significant terms and conditions of bank facilities

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

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

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

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

There were no covenants breached during the period

## 19 Borrowings (continued)

### (b) Fair values

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

### (c) Carrying amount of all assets pledged as security

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

### (d) Risk exposure

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

The Group's bank loans are categorised as follows:

	2015 \$000's	2014 \$000's
Seasonal debt	112,892	87,000
Core debt	65,494	65,802
AGS debt	40,091	44,000
	<b>218,477</b>	<b>196,802</b>

### Representing:

Current bank loans	114,089	87,684
Non-current bank loans	104,388	109,118
	<b>218,477</b>	<b>196,802</b>

#### *Seasonal debt*

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

#### *Core debt*

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

#### *AGS debt*

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

## 20 Provisions

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

# Notes to the financial statements continued

## 20 Provisions (continued)

### (a) Aggregate employee entitlement benefits

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

### (b) Fair values

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

## 21 Deferred tax liabilities

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

## 22 Contributed equity

	2015 \$000's	2014 \$000's
<b>(a) Share capital</b>		
Fully paid Ordinary B Class Shares	<b>107,819</b>	107,819

### *B Class shares*

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

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

### *A Class shares*

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

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

### **(b) Capital risk management**

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

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

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

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

## 23 Reserves and retained profits

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

# Notes to the financial statements continued

## 23 Reserves and retained profits (continued)

### (a) Movements

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

### (b) Nature and purpose of reserves

#### (i) Asset revaluation reserve

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

#### (ii) General reserve

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

#### (iii) Foreign currency translation reserve

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

#### (iv) Hedging reserve – cash flow hedges

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

## 24 Franked dividends

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

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

The franked portions of the final dividend recommended after 30 April 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 April 2016:

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

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

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

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

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

## 25 Contingencies

### Contingent liabilities

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

	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
Letters of credit	<b>725</b>	261
Guarantee of bank advances	<b>2,436</b>	2,690
	<b>3,161</b>	2,951

## 26 Commitments for expenditure

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

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

# Notes to the financial statements continued

## 26 Commitments for expenditure (continued)

### (b) Lease commitments

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

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

## 27 Employee benefits

### (a) Employee benefits and related on cost liabilities

	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
Provision for employee benefits (note 20)		
Current	<b>16,439</b>	15,018
Non-current	<b>3,017</b>	2,445
Aggregate employee entitlement benefits	<b>19,456</b>	17,463
<b>Employee numbers</b>	<b>Number</b>	Number
Average number of employees during the year	<b>2,286</b>	2,156

### (b) Superannuation plan/commitments

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

## 28 Investments in subsidiaries

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

### Subsidiaries

Name of entity	Country of Incorporation	Principal activities	Direct/indirect interest in ordinary shares/equity	
			2015 %	2014 %
SunRice Trading Pty Ltd	Australia	Distribution of rice	100	100
SunFoods LLC	USA	Processing and distribution of rice	65	65
Rice Research Australia Pty Ltd	Australia	Research into rice growing	100	100
Australian Grain Storage Pty Ltd	Australia	Grain Storage Assets	100	100
SunRice Australia Pty Ltd	Australia	Marketing	100	100
Silica Resources Pty Ltd	Australia	Investment	100	100
Riviana Foods Pty Ltd	Australia	Importation/distribution of food products	100	100
Trukai Industries Limited	PNG	Distribution of rice	66.23	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	66.23	66.23
Rice Industries Limited	PNG	Property	66.23	66.23
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	100	100
SunArise Insurance Company Ltd	Bermuda	Insurance	100	100
Aqaba Processing Company Ltd	Jordan	Rice packing/storage	80	80
Sunshine Rice, Inc	USA	Marketing	100	100
Bligh Funds Management	Australia	Inactive	100	100

### Non-controlling interests

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

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

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

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

## 29 Related party transactions

### (a) Parent entity

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

### (b) Subsidiaries

Interests in subsidiaries are set out in note 28.

# Notes to the financial statements continued

## 29 Related party transactions (continued)

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

#### (i) Directors and other Key Management Personnel compensation

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

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

R Gordon and PM Margin do not hold any shares.

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

Key management personnel not listed did not hold any shares.

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

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

Issuing entity	2015	2014
Ricegrowers Limited	<b>1,271,426</b>	1,271,428

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

## 29 Related party transactions (continued)

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

#### (iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party

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

There were no transactions with other Key Management Personnel.

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

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

## 31 Earnings per share

### (a) Basic and diluted earnings per share

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

### (b) Reconciliation of earnings per share

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

# Notes to the financial statements continued

## 31 Earnings per share (continued)

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

	<b>2015</b>	2014
	<b>\$000's</b>	\$000's
Weighted average number of B Class shares	<b>55,762</b>	55,762

## 32 Subsequent events

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

## 33 Parent entity information

### (a) Summary financial information

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

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

### (b) Guarantees entered into by the parent entity

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

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

No liability has been recognised at balance date.

### 33 Parent entity information (continued)

#### (c) Contingent liabilities of the parent entity

	2015 \$000's	2014 \$000's
Letters of credit	725	261
Guarantee of bank advances	1,399	1,711
	<b>2,124</b>	1,972

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

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

### 34 Subsidiaries with material non-controlling interests

#### (a) Trukai Industries Limited Summary financial information

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

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

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

# Notes to the financial statements continued

## 34 Subsidiaries with material non-controlling interests (continued)

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### (b) Significant restrictions

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

## 35 Business combination

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

<b>Purchase consideration</b>	\$000's
Cash paid	4,216
Contingent consideration (refer to a) below)	640
Total purchase consideration	<u>4,856</u>

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

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

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

Brandon Mill will be included in the International Rice segment

### (a) Contingent consideration

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

## 36 Segment information

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### *Business segments*

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

#### *Rice Pool*

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

#### *International Rice*

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

## 36 Segment information (continued)

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### *Rice Food*

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

### *Riviana Foods (Riviana)*

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

### *CopRice*

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

### *Asset Finance*

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

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

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

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

### **Changes from prior periods**

The CMT has revisited the nature and composition of its reportable segments and, in compliance with AASB 8, operated various changes. The most significant being:

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

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

The change is reflected in the comparable information presented below.

# Notes to the financial statements continued

## 36 Segment information (continued)

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

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

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

### 36 Segment information (continued)

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

	Rice Pool	Inter-national Rice	Rice Food	Riviana	CopRice	Asset Finance	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Total segment revenue	551,335	433,534	80,019	155,042	124,619	69,286	1,413,835
Inter-segment revenue	(194,574)	(13,393)	–	–	–	(67,604)	(275,571)
Revenue from external customers	356,761	420,141	80,019	155,042	124,619	1,682	1,138,264
Other revenue							12,699
Total revenue from continuing operations							1,150,963
Contributed NPBT	–	27,217	3,887	817	8,682	12,865	53,468
Intersegment eliminations							571
Profit before income tax							54,039
Depreciation and amortisation	(4,781)	(3,644)	(1,769)	(1,489)	(954)	(6,693)	(19,330)
Acquisitions of property, plant and equipment	12,675	3,956	4,968	992	6,727	2,604	31,922
Segment assets	445,768	191,548	38,319	82,234	41,368	94,098	893,335
Intersegment eliminations							(140,678)
Cash							84,810
Deferred tax assets							12,470
Total assets							849,937
Segment liabilities	258,464	118,804	2,879	33,300	6,351	29,052	448,850
Intersegment eliminations							(152,701)
Current tax liability							12,061
Borrowings							217,707
Total liabilities							525,917
				<b>Australia</b>	<b>PNG</b>	<b>Other</b>	<b>Total</b>
				\$000's	\$000's	\$000's	\$000's
<b>Other segment information – geographical areas</b>							
<b>2015</b>							
Revenues from external customers				<b>427,093</b>	<b>327,799</b>	<b>483,238</b>	<b>1,238,130</b>
<b>2014</b>							
Revenues from external customers				359,393	292,136	486,735	1,138,264

# Notes to the financial statements continued

## 36 Segment information (continued)

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

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

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

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

### 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:

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

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

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



## **Independent auditor's report to the members of Ricegrowers Limited**

### ***Report on the financial report***

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

### ***Directors' responsibility for the financial report***

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

### ***Auditor's responsibility***

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

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

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

### ***Independence***

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

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*Auditor's opinion*

In our opinion:

- (a) the financial report of Ricegrowers Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 April 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

***Report on the Remuneration Report***

We have audited the remuneration report included in pages 5 to 17 of the directors' report for the year ended 30 April 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's opinion*

In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Paddy Carney  
Partner

Sydney  
23 June 2015