

APPENDIX 4E:

PRELIMINARY FINAL REPORT

RICEGROWERS LIMITED

ABN:
55 007 481 156

FINANCIAL YEAR ENDED:
30 APRIL 2019

LODGMET DATE:
27 JUNE 2019

This financial report does not include all of the notes of the type normally included in the full year statutory accounts. Accordingly, it is recommended that this report be read in conjunction with the Annual Report for the year ended 30 April 2019 and any public announcements made by Ricegrowers Limited ("SunRice" or "Group") during the year ended 30 April 2019, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

REPORTING PERIOD AND REPORTED INFORMATION

The current reporting period is the year ended 30 April 2019 and the previous corresponding period is the year ended 30 April 2018. The information in this report is based on accounts which have been audited.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | 2019 \$'000 | 2018 \$'000 | Change \$'000 | Change % | Up/Down |
|---|----------------|----------------|------------------|-------------|---------|
| Consolidated Group | | | | | |
| Revenue from ordinary activities | 1,193,063 | 1,177,286 | 15,777 | 1.3 | Up |
| Profit after tax | 32,767 | 45,121 | 12,354 | 27.4 | Down |
| Profit after tax attributable to B Class shareholders | 31,498 | 42,695 | 11,197 | 26.2 | Down |

| | Current period | Previous corresponding period |
|-----------------------------|-------------------|-------------------------------------|
| DIVIDENDS | | |
| Franking rate applicable: | 100% | 100% |
| Final dividend | | |
| Amount per security | 33.0 cents | 33.0 cents |
| Franked amount per security | 33.0 cents | 33.0 cents |
| Interim dividend | | |
| Amount per security | n/a | n/a |
| Franked amount per security | n/a | n/a |

| | |
|---|--------------|
| Date the dividend is payable: | 30 July 2019 |
| Record date to determine entitlements to the dividend | 3 July 2019 |
| 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).

NTA BACKING

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ordinary security (\$) | 7.64 | 7.49 |

COMMENTARY ON RESULTS FOR THE PERIOD

SunRice's consolidated revenue for the Group in FY19 was \$1.2 billion, a 1.3% increase compared to the previous year (FY18) and Net Profit After Tax (NPAT) was \$32.8 million, which was slightly above the midpoint of guidance, although a 27% decrease compared to the previous year. Financial results were driven by a combination of several factors that included:

- Significant challenges to profitability from negative foreign exchange impacts, particularly in the International Rice segment;
- Strong performance in CopRice's beef and sheep feed categories;
- Benefits from capital investment programs on operational performance;
- The continued success of the business' international sourcing program albeit with cost increases across some sourced rice versus prior year; and
- The continued growth in diversified earnings from CopRice and Riviana.

In the Rice Pool Business, strong pricing and the placement of SunRice products into higher returning markets internationally saw a record pool price of \$411.19 per tonne (The previous highest pool price was \$403/tonne paid in C15. This does not include years when SunRice has paid a guaranteed fixed price such as in C16 when \$415/tonne was paid) paid in C18, demonstrating the strength of SunRice's ability to market Australian grown rice and rewarding growers. This was achieved despite the lower C18 crop and reduced production volumes due to poor C18 paddy quality.

SEGMENT PERFORMANCE

Rice Pool:

A record pool price of \$411.19 per tonne was paid in C18 as a result of: commanding higher international prices for SunRice branded products; replacing lower returning Pacific markets with higher returning Middle Eastern markets; realising the benefit of a depreciating Australian dollar on rice exports; and lower financing costs due to a combination of the introduction of PayRice and the lower C18 crop size, both of which resulted in lower borrowing requirements. This was achieved despite a lower C18 crop than C17 (623,000 tonnes versus 802,000 tonnes) which, coupled with poor paddy quality, resulted in smaller volumes being produced as we slowed down milling in an attempt to meet high quality customer requirements.

International Rice:

Despite increased revenue, International Rice's profitability was significantly impacted by approximately \$9 million from foreign exchange movements. In PNG, the economic environment resulted in the lack of access to USD currency and hedging opportunities. The first half saw a significant intercompany payable balance in Trukai exposed to a devaluing PNG Kina, which also impacted affordability of rice supply. However, relief came in the second half with liquidity returning to the market, enabling the intercompany payable balance to be restored to a more reasonable level. At the same time, SunRice flexed its rice supply to identify a more affordable source for PNG, demonstrating the strength of the Group's international sourcing strategy. Other factors include the transfer of Middle East markets from SunFoods back to the Rice Pool Business; the provision for a bad debt within our Pacific markets; and the increased cost of Vietnamese third party sourced rice that could not be fully passed on to our Pacific customers. During the year, we also invested in the establishment of our integrated supply chain in Vietnam which will, in the future, insulate us from these third party rice price increases.

Rice Food:

Changes in product mix delivered an improved NPBT with the doubling of the prior period result, despite sales volumes declining and adverse foreign exchange impacts. Key improvements were driven by positive performance in the rice flour and 'mini-bites' categories, as well as manufacturing efficiencies from capital investment.

Riviana:

Underlying NPBT grew, with the benefit of product mix improvements and cost control being offset by adverse currency impacts and the absorption of integration costs of Roza's Gourmet, our strategic acquisition into the chilled sector.

CopRice:

CopRice continues to experience the positive turnaround that commenced in FY18. Extensive marketing support of our sheep nutrition capability in complete pellets and concentrates, as well as seasonally dry conditions, have driven an expansion of stockfeed sales volumes, which has offset the rising cost of raw material.

Corporate:

Corporate NPBT declined due to a non-repeat of dividend income from the dissolution of a crop insurance entity in the prior year and increased corporate costs associated with the ASX listing and progressing our strategic agenda in FY19. These were partially offset by a benefit from the revaluation of an investment property, and reduced interest costs as a result of lower borrowings across the Group.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Trukai Industries Limited, which is 66.23% owned by Ricegrowers Limited, has the following associate:

Name of associate or joint venture

Pagini Transport (incorporated in Papua New Guinea). Principal activity: Transport

Reporting entities percentage holding

Pagini Transport: 30.44% (30 April 2018: 30.44%)

CONTROLLED ENTITIES

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (incorporated in Australia).

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Ricegrowers Vietnam Limited Liability Company (also known as Lap Vo Dong Thap Food Company Limited and incorporated in Vietnam).

There have been no other changes in controlled entities in the year ended 30 April 2019.

ABOUT SUNRICE'S STRUCTURE

The structure of Ricegrowers Limited (SunRice) contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see <https://corporate.sunrice.com.au/investors/>.

OTHER INFORMATION REQUIRED

Please refer to the attached Annual Report including the full year statutory accounts for other information required.



CONTENTS

| | | | |
|----|--|-----|---|
| 2 | CHAIRMAN AND CEO MESSAGES | 18 | CORPORATE GOVERNANCE STATEMENT |
| 4 | OUR 2022 GROWTH STRATEGY | 27 | DIRECTORS' REPORT AND FINANCIAL REPORT |
| 6 | FIVE-YEAR PERFORMANCE | 112 | INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RICE GROWERS LIMITED |
| 8 | PROFIT BUSINESSES International Rice, Rice Food, Riviana Foods, CopRice, Corporate | 118 | SHAREHOLDER INFORMATION |
| 14 | RICE POOL BUSINESS | 120 | CORPORATE DIRECTORY |
| 15 | CORPORATE MANAGEMENT TEAM | | |
| 16 | OUR SUSTAINABILITY JOURNEY | | |

SunRice's Annual Report covers Ricegrowers Limited ABN 55007481156 and its controlled entities. The Report can be viewed or downloaded from SunRice's website, www.sunrice.com.au. In this Report, 'the year', 'this year', 'crop year 2018', 'C18' all refer to the Financial Year ended 30 April 2019 (FY19). The '2019 harvest', 'crop year 2019', 'C19' all refer to the rice crop grown in 2019, which will be processed and marketed in the Financial Year ending 30 April 2020 (FY20).

ABOUT SUNRICE'S STRUCTURE

The structure of Ricegrowers Limited (SunRice) contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice's structure see <https://corporate.sunrice.com.au/investors/>.



SunRice CEO Rob Gordon (left) and Chairman Laurie Arthur

CHAIRMAN'S MESSAGE

While the 2018/19 financial year presented many positives for SunRice, the 2019 crop year is and will be particularly difficult for rice growers and the Company. Along with the rest of New South Wales, the Riverina drifted into drought and by June 2018 run-off from the Alps was minimal causing much lower or non-existent water allocations – 7% allocation in the Murrumbidgee and 0% allocation in the Murray. The result was the extremely low 54,000 paddy tonne crop harvested in 2019.

I want to sincerely thank those growers who persevered, and planted and harvested a crop in 2019. While I know it is difficult to make decisions given the current variable seasonal conditions across the Riverina, we are hopeful that growers will consider planting rice in the future, particularly in response to the record C18 pool price of \$411.19/tonne*. This pool price demonstrates the strength of SunRice's ability to market Australian grown rice and reward growers for their support of the industry. The previous highest pool price was \$403/tonne paid in C15.

I regularly engage with many of SunRice's customers, from markets like Japan and Palestine, about the importance of Australian grown rice to their businesses. From these interactions, it is clear to me that a regular and consistent supply of Riverina rice is an imperative for SunRice. While the proposition to plant alternative crops in dry seasons is an option for growers, I take the firm view that growing rice is critical to my family's farming future, the ongoing prosperity of the Riverina and to building SunRice's presence in premium global markets.

Like all Australian FMCG businesses with a strong agricultural foundation we have our challenges, with drought not the least of them. However, we also have some very significant advantages. SunRice has successfully built a strong branded presence in many of the world's premium markets combined with a second to none ability to source rice from anywhere on the globe – the recent establishment of a permanent operational footprint in Vietnam is an example of this.

Indeed, the Australian rice industry should be held out as a model for the rest of Australian agribusiness; we are innovative, sustainable and research driven; we are not a commodity trader, but rather undertake value-adding to our rice through processing and packing facilities in regional areas (not in the cities) providing employment and a strong pride in our rural heritage; and we have a strong global presence while remaining Australian owned.

I would like to thank all the A Class and B Class shareholders that supported our move to list SunRice on the Australian Securities Exchange (ASX). The NSX served us well after we corporatised and

LIKE ALL AUSTRALIAN FMCG BUSINESSES WITH A STRONG AGRICULTURAL FOUNDATION WE HAVE OUR CHALLENGES, WITH DROUGHT NOT THE LEAST OF THEM. HOWEVER, WE ALSO HAVE SOME VERY SIGNIFICANT ADVANTAGES. SUNRICE HAS SUCCESSFULLY BUILT A STRONG BRANDED PRESENCE IN MANY OF THE WORLD'S PREMIUM MARKETS COMBINED WITH A SECOND TO NONE ABILITY TO SOURCE RICE FROM ANYWHERE ON THE GLOBE.

as we built a track record of successfully expanding and diversifying the business to the benefit of both our growers (through higher paddy prices) and investors (through share price appreciation and increasing dividends). The move to the ASX provides SunRice with better future access to equity capital in order to fund the growth ambitions outlined in the 2022 Growth Strategy.

I would also like to thank our Board and our CEO Rob Gordon for leading a very dedicated, highly skilled management team and all SunRice employees for their ongoing efforts in driving the Company's Growth Strategy, which has achieved a solid result in FY19 despite several challenges.

I look forward to sharing the journey ahead with my fellow rice growers and shareholders, as the investment community becomes more appreciative of SunRice's business and the Australian rice industry's unique offering to our global customers.



Laurie Arthur
Chairman



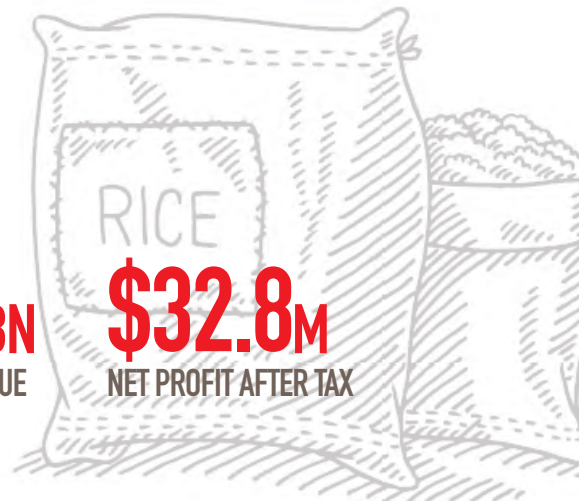
SunRice Directors attending the ASX listing ceremony in Sydney in April 2019, back row, left to right: Mark Robertson, Ian Glasson, John Bradford, Dr Andrew Crane and Glen Andreazza; front left to right: Ian Mason, Gillian Kirkup, Laurie Arthur (Chairman), Rob Gordon (CEO) and Luisa Catanzaro. Dr Leigh Vial was unable to attend. Directors' profiles are on page 27.

*This does not include years when SunRice has paid a guaranteed fixed price such as in C16 when \$415/tonne was paid.



\$1.2BN
GROUP REVENUE

\$32.8M
NET PROFIT AFTER TAX



FY19 has been a significant year for SunRice, including listing on the Australian Securities Exchange (ASX) and continuing to successfully progress our 2022 Growth Strategy.

As we round out the second year of our 2022 Growth Strategy, I am pleased with our achievements in cementing the SunRice Group's position as a truly international and diversified FMCG business. However, our growth trajectory in FY19 has not been without challenges, particularly with significant adverse foreign exchange movements across the Group, primarily in International Rice.

In anticipation of the smaller crop harvested in C19, we reviewed our Riverina milling footprint and reconfigured our operations accordingly. We also secured an affordable rice supply for our Pacific markets from Asia, while at the same time backfilling the shortfall created by the lower C19 Australian crop with high quality product from multiple locations. This demonstrates our agility and the value of our international sourcing program to protect premium markets during times of low water availability that cause the Riverina crop size to drop below average levels, such as those we are experiencing currently. In addition, our ability to command strong prices for our products internationally helped to offset lower production outputs and the higher costs that were incurred during FY19 due to poor paddy quality.

Despite challenging conditions, we continued to successfully execute against and accelerate our 2022 Growth Strategy. We have cemented our Vietnamese supply chain with a world-class milling and packing facility in the Mekong Delta and secured supply from local grower cooperatives. SunRice's Lap Vo mill will set a new standard for Vietnam rice processing and assure our customers that the quality standards we apply to our Australian product can be replicated internationally.

SunRice is viewed globally as a unique 'one-stop' source for quality rice products. In FY19, we opened new markets in Europe, where the Sunwhite brand is gaining traction, commenced trading in Libya and re-established distribution relationships in Syria, demonstrating that customer brand loyalty and demand for Australian rice continue to be strong. SunRice's health credentials continue to grow as we explore new markets with Low GI products, on the back of growth in this segment in Australia.

The FY19 financial results reflect how we have diversified the Group's earnings and expanded the CopRice and Riviana businesses – growth that is anticipated to continue. During FY19, CopRice established new sales channels, achieved record

sheep product sales and introduced a new working dog range. In the coming year, CopRice will expand its presence with the repurposing of our Coleambally Mill into one of Australia's largest ruminant nutrition plants and the June 2019 acquisition of the assets of FeedRite, a leading manufacturer of premium extruded rice bran based equine feed. Riviana experienced impressive sales growth for the flagship Always Fresh brand and continued growth in the Fehlberg's gourmet pickled food business, which was acquired in 2016. Riviana also moved into the chilled food category with the acquisition of specialty sauces and dips manufacturer Roza's Gourmet, a strategy that has also provided a presence in the premium independent retail channel.

**SUNRICE'S LAP VO MILL WILL SET A NEW STANDARD
FOR VIETNAM RICE PROCESSING AND ASSURE
OUR CUSTOMERS THAT THE QUALITY STANDARDS
WE APPLY TO OUR AUSTRALIAN PRODUCT CAN BE
REPLICATED INTERNATIONALLY**



While there is no escaping the drought we are facing in the Riverina, we continue to invest in the region. The \$11 million invested in the stabilised bran processing plant in Leeton will allow the Rice Food business to pursue opportunities to expand ingredient sales across the baking, snacking and pre-mix sectors and for CopRice to manufacture premium equine products.

In an intense year of activity across the Group, I thank all employees, growers and investors who continue to support the business as we adjust to challenging conditions while continuing to embrace our 2022 Growth Strategy.

Rob Gordon
Group CEO

OUR 2022 GROWTH STRATEGY

This strategy is designed to cement the SunRice Group's position as a truly international and diversified FMCG business to the benefit of shareholders, growers and employees.

OUR STRATEGY

Increase

profits and reduce earnings volatility

Adapt

our product range to take advantage of changing food trends

Secure

a sustainable and reliable global supply chain

HOW WE'RE DOING THIS



1. Cementing a global supply chain in response to increased demand in branded products, ensuring quality and sustainability



2. Repositioning Australia as the supply source of choice for premium branded rice markets



3. Using our capabilities to exploit evolving global food trends, especially in healthy eating and snacking, in particular through:

DIVERSIFYING INTO NEW MARKETS to offer high-quality and convenient packaged rice of trusted provenance

PLAYING A PIONEERING ROLE in addressing the obesity and diabetes epidemics with our unique Low GI rice

LEVERAGING OUR UNIQUE POSITION to take advantage of the global fascination with sushi

BEING RECOGNISED AS A LEADER IN HEALTHY SNACKING through a range of innovative snacks

OPERATING A STRONG FOOD INGREDIENTS BUSINESS with diversified, high-value rice derivatives servicing global food companies

ASSURANCE OF QUALITY AND SUSTAINABILITY with traceability, no matter where we grow our rice



4. Being recognised for our high performance, delivered by a positive, inclusive and accountable culture



5. Maintaining a strong, cash-generative and diverse portfolio, including CopRice and Riviana

Please note: These five strategy icons will be used here and in the Profit Businesses and Rice Pool Business pages to denote how the content presented links back to our 2022 Growth Strategy.

RICE POOL BUSINESS

RECORD
6,800 TONNES
OF KOSHIHIKARI RICE SOLD
INTO NEW AND EXISTING
MARKETS



8%
INCREASE IN REVENUE
OF SUSHI RICE VARIETIES
AROUND THE WORLD

47%
MARKET SHARE
IN MIDDLE EAST FOR
CALROSE RICE

OUR VISION

With roots in Australia's food bowl, we're proud to nourish discerning consumers around the world, who trust the traceability and provenance of our premium branded products.

OUR 2022 GROWTH STRATEGY IN ACTION

INTERNATIONAL RICE

GLOBAL SUPPLY CHAIN

NEW MILL IN VIETNAM
AND RICE GROWING
PROGRAMS



VIETNAMESE RICE

LAUNCHED INTO
NEW MARKETS



OVER THE LAST THREE YEARS,
SUNRICE HAS ESTABLISHED

**A REGIONAL
PRESENCE ACROSS
SOUTH EAST ASIA**
WITH OPERATIONS IN
THE MEKONG DELTA
AND SINGAPORE

RICE FOOD

QUICK CUPS

EXTENSION MAINTAINS
MARKET LEADER
POSITION IN MICROWAVE
IN AUSTRALIA



DEVELOPMENT OF UNIQUE LOW GI RANGE



\$11m

INVESTED IN
MULTI-PURPOSE RICE
BRAN PLANT TO ADD
VALUE TO A RICE
BY-PRODUCT AND
SUPPORT INNOVATION
FOR RICE FOOD AND
COPRICE

RIVIANA FOODS

ENTRY TO CHILLED CATEGORY

WITH ACQUISITION OF
ROZA'S GOURMET AND
LAUNCH OF ALWAYS
FRESH 'CULTURED DIPS'



ESTABLISHED PRESENCE IN PREMIUM INDEPENDENT CHANNELS



SUCCESSFUL ACQUISITION AND INTEGRATION OF ROZA'S GOURMET

COPRICE

RECORD SALES

FOR SHEEP FEED
PRODUCTS OFF BACK OF
VITAMINBULF LAUNCH
IN FY18



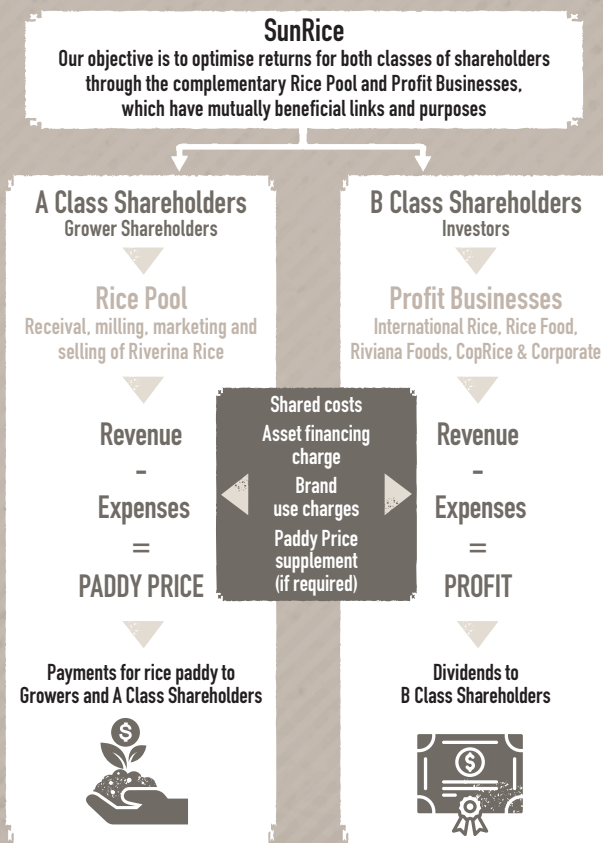
NEW MANUFACTURING OPPORTUNITIES INCLUDING ACQUISITION OF FEEDRITE ASSETS



REPURPOSING SUNRICE'S
COLEAMBALLY MILL INTO
**AUSTRALIA'S
LARGEST
RUMINANT
NUTRITION PLANT**
TO MEET GROWING
DEMAND

FIVE-YEAR PERFORMANCE

THE SUNRICE GROUP INCLUDES THE PROFIT BUSINESSES, WHICH ARE ALIGNED TO B CLASS SHAREHOLDERS AND INVESTORS AND THE RICE POOL BUSINESS, THE RETURNS OF WHICH ARE ALIGNED TO GROWERS AND A CLASS SHAREHOLDERS.

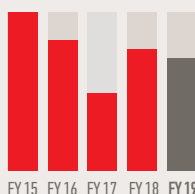


RICE POOL BUSINESS

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels in almost 50 countries around the world. The supply of rice is a key driver of the economics of the business.

Revenue (A\$M)*

+4% -18% -41% +57% -7%



Paddy prices (AUD per tonne, Reiziq)

395 404 415** 379 411



Net assets (A\$M)***

144 146 108 105 136



PROFIT BUSINESSES

International Rice

The purchasing, processing, manufacturing, marketing and distribution of bulk or branded rice from the Rice Pool Business and SunRice's global supply chain activities through intermediaries to consumers, food service and processing customers in markets around the world, where there is growing demand for SunRice branded products.

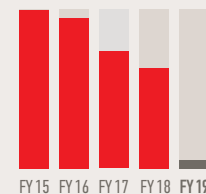
Revenue (A\$M)

+13% +8% -1% -10% +6%



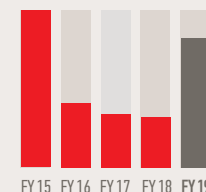
NPBT (A\$M)

38 36 28 24 2



Net assets (A\$M)***

167 69 57 54 138



OUR BRANDS



*Revenue for the Rice Pool Business is presented before inter segment elimination.

** Fixed price contract.



Rice Food

The manufacturing, marketing and distribution domestically and around the world of SunRice's value-added rice-based products, including Rice Cakes, Rice Chips, Rice Flour, Microwave Rice and Ready-to-go-Meals.

Riviana Foods

Specialty gourmet food distributor of both imported and locally manufactured goods to retail and food service customers in Australia and select export markets.

CopRice

The manufacture, distribution and sale of stockfeed and pet food products, drawing on nutritional expertise, through retail and wholesale channels and primary producers across Australia and select export markets.

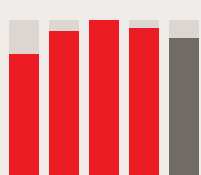
Corporate

Includes charges for funding, access and the use of manufacturing and storage assets and brands, by the Rice Pool and Profit Businesses.

SunRice Group

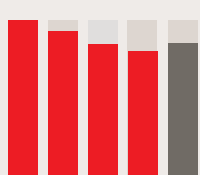
Consolidated financial performance for the SunRice Group.

+12% +18% +8% -5% -7%
89 105 113 107 100



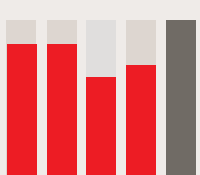
FY15 FY16 FY17 FY18 FY19

-4% -7% -9% -5% +6%
149 139 126 120 127



FY15 FY16 FY17 FY18 FY19

+5% 0% -24% +12% +39%
131 131 99 111 155



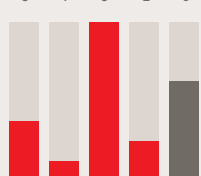
FY15 FY16 FY17 FY18 FY19

+8% +2% -12% +6% +1%
1,246 1,270 1,113 1,177 1,193



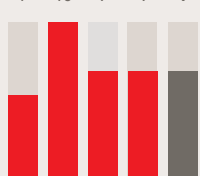
FY15 FY16 FY17 FY18 FY19

3 1 8 2 5



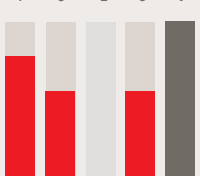
FY15 FY16 FY17 FY18 FY19

7 13 9 9 9



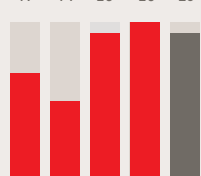
FY15 FY16 FY17 FY18 FY19

7 5 -2 5 9



FY15 FY16 FY17 FY18 FY19

19 14 26 28 26



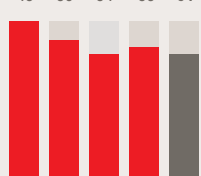
FY15 FY16 FY17 FY18 FY19

71 73 40 63 48



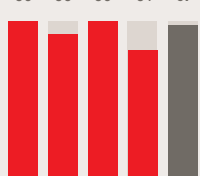
FY15 FY16 FY17 FY18 FY19

43 38 34 36 34



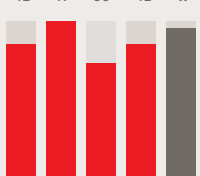
FY15 FY16 FY17 FY18 FY19

38 35 38 31 37



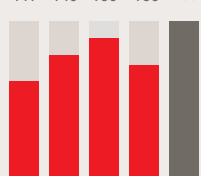
FY15 FY16 FY17 FY18 FY19

42 49 36 42 47



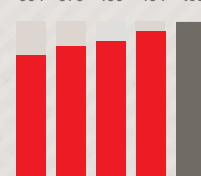
FY15 FY16 FY17 FY18 FY19

117 148 168 136 188



FY15 FY16 FY17 FY18 FY19

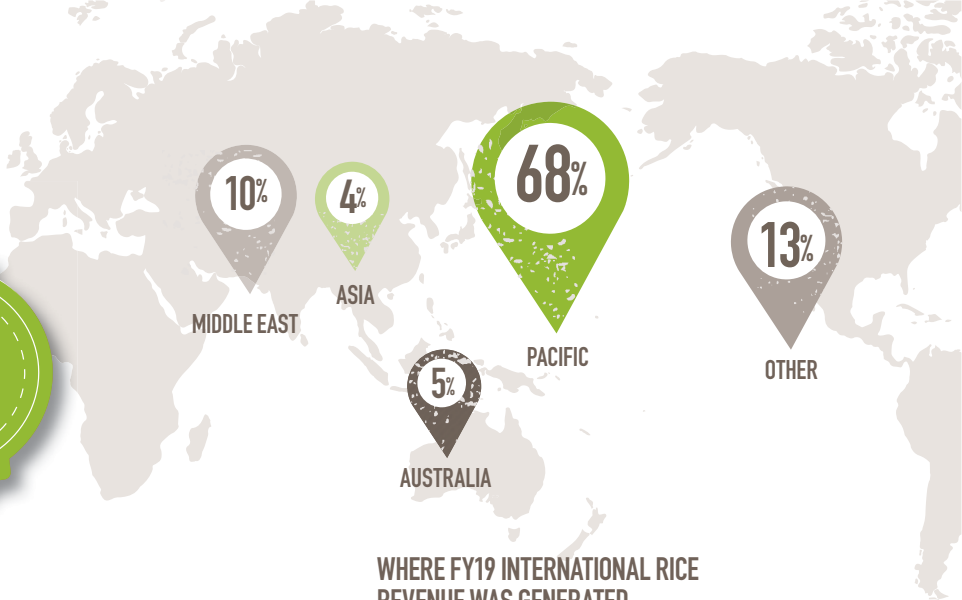
364 390 405 434 463



FY15 FY16 FY17 FY18 FY19



***Restated. Refer note 37 of the financial statements for more information.



WHERE FY19 INTERNATIONAL RICE REVENUE WAS GENERATED

THE STRATEGIC ACQUISITION AND DEVELOPMENT OF THE LAP VO MILL IN VIETNAM IS A SIGNIFICANT STEP FORWARD IN CEMENTING AND EXPANDING SUNRICE'S GLOBAL SUPPLY CHAIN.



The International Rice business is focused on supplying rice through intermediaries to consumers, food service and processing customers in world markets, where there is growing demand for SunRice's great tasting branded products. The business comprises SunRice's international subsidiaries, in particular Ricegrowers Singapore, which conducts the Group's main global sourcing and selling activities. Also included is Trukai in PNG, SolRice in the Solomon Islands, SunFoods in the U.S. and Ricegrowers Middle East in the United Arab Emirates. Rice is sold through key brands, including SunRice, Sunwhite, Trukai and Koala. Rice Research Australia Pty Ltd (RRAPL) and SunRice's North Queensland operations are also captured in this business segment.

SunRice's 2022 Growth Strategy in action

Having successfully grown international demand for SunRice's premium rice products to approximately 1.1 million paddy tonnes equivalent, the ongoing acceleration of SunRice's global sourcing activities is a significant strategic priority. This enables the business to meet increasing demand levels for our product, which cannot be satisfied from the Riverina alone. In years of average Riverina rice supply, the ability to flex sources, allows SunRice to place Riverina rice into premium branded markets, while supplying lower returning markets from offshore. In low Riverina crop years, SunRice can meet demand by backfilling demand from its international sources, while preserving Riverina rice to protect our existing premium markets. The International Rice business delivered the following strategic highlights in FY19:

- **Acquiring and developing a rice mill in Vietnam's Mekong Delta (Lap Vo)** to provide end-to-end traceability and create a value-added Vietnamese offer globally.
- **A Memorandum of Understanding (MOU) with two Mekong Delta provincial governments** to grow sustainably sourced rice to a quality and specification tailored to SunRice's end markets.
- **Direct engagement with Vietnamese grower cooperatives** has commenced to supply the Lap Vo Mill.
- **Successfully launched Vietnamese short grain rice into new markets in South East Asia**, expanding SunRice's customer base and offering.

PROGRESS ON STRATEGY

STRATEGIC ACQUISITION AND DEVELOPMENT OF A RICE PROCESSING MILL IN VIETNAM



SHORT-GRAIN VIETNAMESE RICE SOLD IN NEW SOUTH EAST ASIAN MARKETS



Trukai's first 100% home-grown PNG rice brand 'Hamamas' launched in 2018.

- **Trukai progressed the establishment of a domestic rice industry in PNG** with the launch of 'Hamamas Rice', the country's first 100% home-grown commercial rice product, and gained government approval for another similar project in a different region.

Business performance

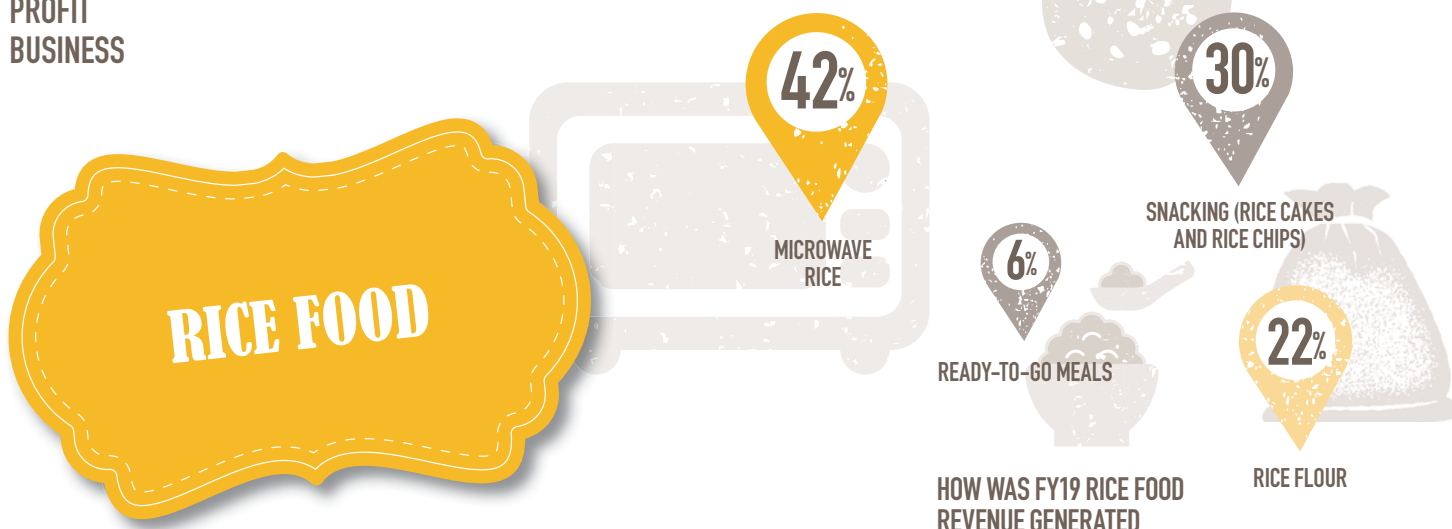
Despite increased revenue, International Rice's profitability was significantly impacted by approximately \$9 million from foreign exchange movements. In PNG, the economic environment resulted in the lack of access to USD currency and hedging opportunities. The first half saw a significant intercompany payable balance in Trukai exposed to a devaluing PNG Kina, which also impacted affordability of rice supply. However, relief came in the second half with liquidity returning to the market, enabling the intercompany payable balance to be restored to a more reasonable level. At the same time, SunRice flexed its rice supply to identify a more affordable source for PNG, demonstrating the strength of the Group's international sourcing strategy. Other factors include the transfer of Middle East markets from SunFoods back to the Rice Pool Business; the provision for a bad debt within our Pacific markets; and the increased cost of Vietnamese third party sourced rice that could not be fully passed on to our Pacific customers. During the year, we also invested in the establishment of our integrated supply chain in Vietnam which will, in the future, insulate us from these third party rice price increases.



OUR ABILITY TO FLEX SUPPLY SOURCES FROM AROUND THE WORLD, ALLOWS SUNRICE TO PLACE RIVERINA RICE INTO PREMIUM BRANDED MARKETS, WHILE SUPPLYING LOWER RETURNING MARKETS FROM OFFSHORE.



Huynh Thi Phuong, who works in the finish goods packing team at SunRice's Lap Vo Mill in the Vietnam Mekong Delta with a bag of locally grown Japonica rice. The mill will start commercial production of this product in August 2019 and it will be sold across key markets.



THE RICE FOOD BUSINESS IS BUILDING ON ITS STRENGTHS AND MARKET POSITION TO LEVERAGE GLOBAL FOOD TRENDS BY BRINGING INNOVATIVE NUTRITIOUS NEW PRODUCTS TO MARKETS AROUND THE WORLD.

The Rice Food business has pioneered value-added rice-based products – branded snacks (Rice Cakes and Chips), ingredients (rice flour) and pre-prepared meals (Microwave Rice and Ready-to-Go-Meals) – in Australia over the past decade. It has built significant expertise in innovation, marketing and sales that has since been leveraged across the SunRice Group in domestic and global markets.

SunRice's 2022 Growth Strategy in action

Trends for healthy snacking and for gluten-free, low-allergen, Low GI, vegan, animal-free foods and ingredients are fast-growing categories in SunRice's existing domestic and offshore markets. With its diversified product range, the Rice Food business is taking advantage of these global food trends, especially in healthy eating and snacking, and in FY19 delivered the following initiatives in support of the strategy:

- **Microwave cup range extension with the Australian launch of SuperGrains**, a premium blend of rice and ancient grains, such as quinoa and buckwheat, to further capitalise on SunRice's market leading position.
- **Ongoing sales growth of SunRice's unique Low GI rice range in Australia and exploration of new markets** continue our focus on supporting health-conscious consumers and addressing the global issue of obesity and diabetes.
- **Maintaining SunRice as the leading supplier of rice flour** to food manufacturers in Australia, New Zealand and the Pacific, through: maximising production capabilities to better meet demand for 'free-from' foods; and construction of an \$11 million multi-purpose rice bran plant in the Riverina to develop nutritious ingredients for the baking, snacking and pre-mix sectors, to produce premium equine products for CopRice and to maximise the value of by-products of the rice milling process.
- **Re-engineering our snacking portfolio** for market entry during the coming year and to deliver incremental performance into the future.

Business performance

Changes in product mix delivered an improved NPBT with the doubling of the prior period result, despite sales volumes declining and adverse foreign exchange impacts. Key improvements were driven by positive performance in the rice flour and 'mini-bites' categories, as well as manufacturing efficiencies from capital investment.

PROGRESS ON STRATEGY

\$11M

INVESTED IN
MULTI-PURPOSE RICE
BRAN PLANT

DEVELOPMENT OF
LOW GI
RANGE

SUNRICE REMAINS THE
TOP RANKED
MICROWAVE RICE
BRAND



SunRice's new SuperGrains microwave cups are tasty, quick and nutritious.





RIVIANA IS DELIVERING ON SUNRICE'S 2022 GROWTH STRATEGY THROUGH ACQUISITIONS EXPANDING ITS RETAIL FOOTPRINT AND OFFERING SMART MEAL PREPARATION SOLUTIONS TO GROW ITS FOOD SERVICE PRESENCE.

Riviana is SunRice's specialty food business, selling imported and locally manufactured goods to retail and food service customers. Riviana is a leader in the retail sector for high quality Mediterranean sourced shelf stable antipasto and premium biscuits targeting the entertainment occasion or platter market. In the food service sector, Riviana services the institutional market (health, mining, correctional and catering), and has a growing presence in the quick service restaurants sector. Riviana is strongly positioned to meet future consumer trends.

SunRice's 2022 Growth Strategy in action

With its priority to deliver diversified earnings to SunRice, in FY19 Riviana achieved the following progress:

- **Successful execution of the acquisition and integration** of specialty sauces and dips manufacturer Roza's Gourmet, enabling Riviana to expand into the chilled category.
- **Established a presence in the premium independent channel** with a customer base of more than 500 stores across retailers including Harris Farm, Colonial Market, and premium IGA stores.
- **Access to the growing retail ready market** with a strong presence across the sector.
- **Growth for Always Fresh and Fehlbergs** through continual new product offerings in Woolworths and Coles.
- **Core food service sector returns to growth** through new product launches and focus on direct sales to manufacturers.



Business performance

Underlying NPBT grew, with the benefit of product mix improvements and cost control being offset by adverse currency impacts and the absorption of integration costs of Roza's Gourmet, our strategic acquisition into the chilled sector.

PROGRESS ON STRATEGY

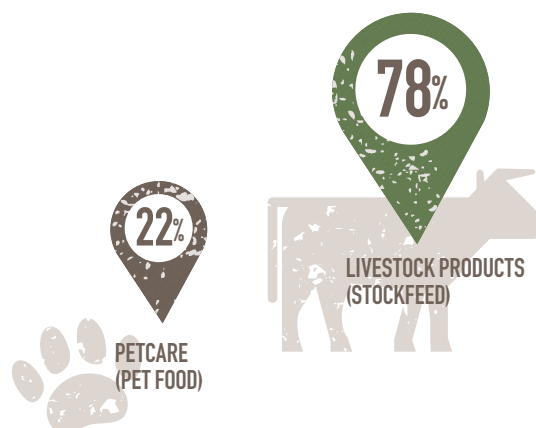
SUCCESSFUL ACQUISITION AND INTEGRATION OF ROZA'S GOURMET

STRATEGIC ACQUISITION IN THE CHILLED CATEGORY TO ENABLE EXPANSION

ESTABLISHED PRESENCE IN PREMIUM INDEPENDENT CHANNELS



Roza's Gourmet range of pestos.



HOW FY19 COPRICE REVENUE
WAS GENERATED

BACKED BY NUTRITION-BASED EXPERTISE AND INNOVATION, COPRICE IS DRIVING GROWTH OPPORTUNITIES LOCALLY AND INTERNATIONALLY TO BUILD A LEADING ANIMAL FOOD BUSINESS.



SunRice's animal nutrition business CopRice supplies bulk 'direct-to-farm' packaged stockfeed and companion animal food through retail and wholesale channels to customers across Australia and select export markets. For over 30 years, CopRice has converted rice by-products from the Rice Pool Business into world class animal nutrition, with a strong market position in the Victorian dairy industry and a growing presence in other channels, particularly sheep, as well as in dog and cat food. CopRice operates plants in Leeton in NSW and Tongala and Cobden in Victoria.



SunRice's 2022 Growth Strategy in action

In FY19, CopRice pursued its strategic priorities of: optimising the utilisation of rice by-products; and leveraging the business' nutritional expertise through:

- **Achieving record sales for direct-to-farm sheep products** in excess of 70,000 tonnes, 40% up on the previous high in 2006, driven by increased awareness of CopRice's complete sheep offering following the FY18 launch of VitaMinBuf Concentrates.
- **Bringing FMCG thinking to ag retail with new 'Working Dog' range** launched in February 2019 and positioned around 'A Lifetime of Performance.' The range was specially designed to offer specific nutrition at the different stages of a working dog's life, from puppy to adult to senior.
- **New \$11 million multi-purpose rice bran plant** being constructed in Leeton, offers the opportunity to manufacture premium equine products, as well as produce food ingredients for the Rice Food business and maximise the value of by-products of the rice milling process.
- **Expansion through the repurposing of SunRice's Coleambally Mill** into Australia's largest ruminant nutrition plant and the June 2019 acquisition of the assets of equine feed manufacturer FeedRite.
- **Development of a lactation cycle scientific formulation** to meet exact nutritional needs of dairy cows.



Business performance

CopRice continues to experience the positive turnaround that commenced in FY18. Extensive marketing support of our sheep nutrition capability in complete pellets and concentrates, as well as seasonally dry conditions, have driven an expansion of stockfeed sales volumes, which has offset the rising cost of raw material.

PROGRESS ON STRATEGY

70,000 TONNES
RECORD SHEEP FEED
SALES



**A LIFETIME OF
PERFORMANCE**
NEW WORKING DOG RANGE



**THREE NEW
MANUFACTURING
OPPORTUNITIES**



CopRice's VitaMinBuf range of pellets is proving popular with sheep producers.



THE EFFICIENT MANAGEMENT OF BRANDS AND ASSETS BY THE CORPORATE SEGMENT ENABLES SUNRICE AND THE RIVERINA RICE INDUSTRY TO EFFECTIVELY MANAGE THE CHALLENGES OF EXTERNAL IMPACTS, LIKE DROUGHT.



The Corporate segment of SunRice captures the income and cost of holding and financing assets that are utilised by both the Rice Pool Business and the Profit Businesses. This includes income for the use of SunRice brands by both the Rice Pool and Profit Businesses and access to milling and storage assets through asset finance charges to the Rice Pool Business. The main assets held in Corporate include: paddy storage, milling, packing and finished product storage and warehousing assets in the Riverina, utilised by the Rice Pool Business; and approximately 30 major brands used by the Rice Pool and Profit Businesses around the world, including SunRice, Sunwhite, Trukai, Roots, Always Fresh and CopRice.



This extensive brand portfolio, some of which span 68 years, and the proximity of storage and manufacturing assets to key rice growing regions are key strengths of the Corporate segment.

This segment is impacted by varying supply levels of Riverina rice. This is because some contributions from the Rice Pool Business relate to crop size, meaning in small Riverina crop years, the Corporate segment receives lower income from the Rice Pool Business. In this way, the ongoing supply of Riverina rice is in the best interests of B Class Shareholders, as well as A Class Shareholders.



Business performance

Corporate NPBT declined due to a non-repeat of dividend income from the dissolution of a crop insurance entity in the prior year and increased corporate costs associated with the ASX listing and progressing our strategic agenda in FY19. These were partially offset by a benefit from the revaluation of an investment property, and reduced interest costs as a result of lower borrowings across the Group.

30
MAJOR BRANDS
GLOBALLY



17
STORAGE AND DRYING
FACILITIES ACROSS
THE RIVERINA



12
RICE MILLING, PACKING,
VALUE-ADD AND WAREHOUSE
FACILITIES IN AUSTRALIA



Bags of Riverina grown Koshihikari short grain rice being packed at SunRice's Deniliquin Mill for export.



WHERE FY19 RICE POOL REVENUE WAS GENERATED

EXPANDING PREMIUM GLOBAL MARKETS FOR RIVERINA GROWN RICE IS ENABLING SUNRICE TO RESPOND TO INTERNATIONAL FOOD TRENDS.

SunRice's Rice Pool Business receives, mills, markets and distributes premium Riverina rice directly to customers in more than 50 countries, with major markets in Australia, the Middle East, Asia, the Pacific, the U.S. and Europe. Key brands include SunRice, Sunwhite, Sunlong, Koala, Double Ram and Kangaroo.

SunRice's 2022 Growth Strategy in action

The Rice Pool Business' FY19 results were driven by the 623,000 paddy tonne Riverina crop harvested in 2018 (C18). Our ability to command strong international prices for our products helped to offset higher costs associated with poor paddy quality caused by heat issues during growing and harvest. In anticipation of the smaller 54,000 tonne C19 crop, we reconfigured our Riverina milling operations and commenced backfilling supply gaps with internationally sourced rice. This highlights the importance of the International Rice business' global sourcing activities to ensure SunRice can meet growing demand, while protecting premium Riverina markets. The Rice Pool Business achieved the following strategic highlights in FY19:

- **Sold a record 6,800 tonnes of Australian grown Koshihikari short grain rice**, expanding into new markets including Japan, Europe and North America, delivering Riverina growers higher returns.
- **This contributed to an 8% increase in revenue of Riverina grown sushi rice varieties into premium global branded and tender markets** driven by increasing demand for North Asian cuisine.
- **Expanded our fixed price contract offering and GrowRice funding facility** to encourage plantings of specialty varieties including Koshihikari (sushi markets) and Doongara (Low GI markets).
- **New grower payment system PayRice** has improved SunRice's net working capital profile and allowed growers to receive more money at harvest.
- **With a 47% market share, the Sunwhite brand has become the Calrose leader** in the Middle East, benefitting from SunRice's consumer insights expertise.

Business performance

A record pool price of \$411.19 per tonne* was paid in C18 as a result of: commanding higher international prices for SunRice branded products; replacing lower returning Pacific markets with higher returning Middle Eastern markets; realising the benefit of a depreciating Australian dollar on rice exports; and lower financing costs due to a combination of the introduction of PayRice and the lower C18 crop size, both of which resulted in lower borrowing requirements. This was achieved despite a lower C18 crop than C17 (623,000 tonnes versus 802,000 tonnes) which, coupled with poor paddy quality, resulted in smaller volumes being produced as we slowed down milling in an attempt to meet high quality customer requirements.

*This does not include years when SunRice has paid a guaranteed fixed price such as in C16 when \$415/tonne was paid.

PROGRESS ON STRATEGY

**RECORD
6,800 TONNES**
OF KOSHIHIKARI RICE SOLD
INTO NEW AND EXISTING
MARKETS

8%
INCREASE IN REVENUE
OF SUSHI RICE VARIETIES
AROUND THE WORLD

47%
MARKET SHARE
IN MIDDLE EAST FOR
CALROSE RICE

C18 RICE POOL

RIVERINA GROWERS
PLANT 2018 CROP
(OCTOBER 2017)



623K TONNE
CROP HARVESTED
(MARCH - MAY 2018)



RIVERINA CROP
MARKETED AND SOLD
(MAY 2018 - APRIL 2019)



PAYMENTS MADE
TO GROWERS
(HARVEST 2018 - JULY 2019)



CORPORATE MANAGEMENT TEAM

ROB GORDON

BSc (Hons) CEng MAICD
Chief Executive Officer

Rob joined SunRice in February 2012 as CEO and Managing Director. Rob's career spans more than 35 years of experience in the FMCG and agribusiness sectors, including over 20 years in CEO and Managing Director roles for companies including Viterra Inc, Dairy Farmers Ltd and Goodman Fielder (Meadow Lea and Consumer Goods divisions). He also held various senior executive roles with Unilever in Europe and Australia. For Directorships, please refer to page 27.

DIMITRI COURTELIS

BCompt (UNISA), CA (ICAA), CFE (ACFE)
Chief Financial Officer

Dimitri was appointed Group CFO of SunRice in March 2018, following an extensive global career in accounting, finance and corporate roles. Dimitri is a qualified chartered accountant (ICAA) and fraud examiner (ACFE). After several years working in South Africa, Australia and Dubai in external audit, transaction advisory and forensic services for firms such as Ernst & Young and Deloitte, Dimitri joined the Etihad Airways Group in 2011. This saw Dimitri being assigned to work as Group CFO of Air Serbia as it went through a successful restructure and subsequently to Air Berlin PLC as the deputy CFO and then Group CFO to assist with its restructuring efforts.

SIMONE ANDERSON

DipFoodSc&Tech
General Manager, Integrated Supply Chain

Simone joined SunRice in December 2014 as the General Manager for Integrated Supply Chain and is responsible for driving best practice in manufacturing, logistics and customer services, research and development, sales and operations planning, safety, engineering and quality across the Group. Simone has more than 30 years' experience working within the FMCG sector, including senior appointments in Mondelez, Cadbury UK&I, Kraft Foods, Arla Food Group and Unigate in Australia, New Zealand, Europe and the UK.

MANDY DEL GIGANTE

BComm, CPA, AGIA, ACIS, GAICD
Company Secretary

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

STEPHEN FORDE

Chief Executive Officer,
Riviana Foods Pty Ltd

Stephen joined Riviana Foods in October 2013 as CEO, bringing more than 24 years of strategic sales, marketing and general management experience in the FMCG industry. During his 20-year career with Reckitt Benckiser, he was Global Customer Director, UK and General Manager, New Zealand, and more recently, General Manager, New Zealand for Campbell Arnott's.

TOM HOWARD

BAG Ec, MBA
General Manager, Global Agribusiness
and Sustainability

Tom joined SunRice in November 2015 and is responsible for developing and expanding SunRice's rice sourcing, agronomic, research and development and grower facing capabilities across the Riverina, North Queensland and international operations. In addition, Tom heads up Sustainability for the SunRice Group and is a Director of Ricegrowers Singapore. Tom is a highly experienced agribusiness manager with over 25 years' experience in international business and the domestic and international grains industry, having previously held senior positions with Emerald Grain (Sumitomo Corporation), the top 50 Irish company, UniPhar, and a leading Australian grains cooperative.

DAVID KELDIE

BA
General Manager, Global Consumer Markets

David joined SunRice in 2001 and is responsible for the Middle East, North and South East Asia, the Pacific including the Solomon Islands and the Australian and New Zealand Markets. With 30 years' experience in the FMCG sector, David is a Director of Ricegrowers Singapore, SunFoods (USA), Trukai Industries (PNG), SolRice (Solomon Islands), Ricegrowers Middle East (UAE) and Aqaba Processing Company (Jordan).

PETER MCKINNEY

BComm (Marketing), GAICD
General Manager, CopRice

Peter joined SunRice in February 2017, bringing extensive senior marketing and general management experience from roles with blue-chip consumer companies YUM Brands and George Weston Foods, in both the Quick Serve Restaurant and FMCG industries. Peter also previously held a senior management position at ASX-listed company Pacific Smiles Group.

GREG WORTHINGTON-EYRE

Honorary Doctorate, MBA, MAICD
Chief Executive Officer, Trukai Industries Limited

Greg joined Trukai Industries in 2013 as CEO and is responsible for all aspects of the PNG business, including management of sovereign risk, agricultural and food security projects and the development of PNG's first commercial rice industry. Prior to this, Greg was the Managing Director at Pink Hygiene Solutions and Ambius Australia, after time in Singapore as Senior Vice-President for Initial Asia Pacific. Greg started his career at Unilever and over the course of 30 years has held numerous positions across Australia and Asia. In 2018, Greg was awarded an Honorary Doctorate in Technology from the University of Technology in PNG.

MATT ALONSO

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

Matt joined SunFoods LLC in 2010 and is responsible for all aspects of the U.S. business, from raw material procurement and plant operations, to domestic sales and marketing. With over 20 years' experience in the U.S. agriculture and rice industries, Matt has previously worked for Pacific International Rice Mills and is a Board member of the California Rice Commission and the USA Rice Federation.

OUR SUSTAINABILITY JOURNEY

WE EMBED SUSTAINABILITY IN EVERYTHING WE DO:
 "SUSTAINABILITY IS NOT AN ADD-ON TO OUR BUSINESS STRATEGY – IT IS THE FOUNDATION FOR OUR LONG TERM VIABILITY AND SUCCESS."
 ROB GORDON, CEO, SUNRICE

At SunRice we believe that managing sustainability is good for our business. It supports and builds on the positive influence we already have and will continue to have on our employees, the communities in which we operate and society at large.




MATERIAL TOPICS

To ensure we prioritise the sustainability issues which matter most to us and our stakeholders, we have identified our most material topics. These topics are considered under the three pillars framework of Environment, Societies and Communities, and Governance (ESG). The 12 topics we have identified as priorities align with the ESG commitments outlined in our Sustainability Charter.




ENVIRONMENT


We respect our environment and commit to enhancing and preserving it for future generations.




R&D and agronomics



Climate change, natural disasters and extreme weather events



Energy efficiency and emissions reduction



Water management



SOCIETIES & COMMUNITIES

We partner with our communities to enrich lives socially and economically, building on our rice industry expertise.
 We enable consumers to live healthy sustainable lives through all aspects of our business.



Workplace health and safety



Our people



Labour practices



Product safety and quality



Role in local economies



Secure rice supply



GOVERNANCE

We embed sustainability in everything we do with integrity, transparency and accountability.



Anti-bribery and corruption



Financial challenges in the supply chain

"SUSTAINABILITY HAS ALWAYS BEEN A PRIORITY FOR SUNRICE. SINCE OUR EARLIEST DAYS, WE HAVE UNDERSTOOD THAT FINANCIAL SUCCESS DEPENDS ON SUSTAINING THE HEALTH OF BOTH THE FIELDS AND THE COMMUNITIES IN WHICH WE OPERATE."
 ROB GORDON, CEO SUNRICE



The United Nations Sustainable Development Goals (SDGs) seek to address the most significant challenges our world is presently facing. We have identified the following eight SDGs, which SunRice believes it has the greatest opportunity to make a contribution to.



SUSTAINABILITY IN ACTION

Over the past 12 months, SunRice has been progressing its sustainability commitments by focusing on our 12 Material Topics. Here are some key examples of how this approach is creating a real impact for the Environment and for the Societies and Communities in which we operate. For more detail, view our Sustainability Report on our website. We will provide a more detailed update on our sustainability progress later in the year.

ENVIRONMENT



Supporting a Sustainable Australian Rice Industry

In FY19, SunRice progressed its work on strengthening transparency, traceability and sustainability of the Australian rice industry, through:

- Improving grower useability and uptake of our MapRice Geographic Information System (GIS) technology. MapRice allows key rice growing data to be benchmarked and analysed for yield, quality, water use and nitrogen use efficiency and greenhouse gas emissions at the farm, regional and industry-wide level.
- Ongoing R&D led by RRAPL, which saw more than 50% of Riverina growers use direct drill seeding and delayed permanent water techniques in FY19, techniques known to produce two-and-a-half times less methane emissions compared to aerial seeding, and resulting in significant water savings per hectare.
- Ensuring Australia's best practices are reflected in the emerging global standard for sustainable rice production – SunRice is continuing to work with a pilot group of Australian growers to ensure the high standards of the Australian rice industry are reflected in the international Sustainable Rice Platform (SRP). Recording and communicating the extent to which Australian growers exceed the United National Environment Programme (UNEP) average sustainability performance is also a priority, with our cropping techniques resulting in decreased water use and increased nitrogen efficiency.



52%

INCREASE IN EMPTY SUNRICE BRANDED RICE PACKETS. A TOTAL OF 17.9 TONNES DIVERTED FROM LANDFILL VIA THE REDCYCLE PROGRAM. SUNRICE IS PROUD TO BE ONE OF REDCYCLE'S FOUNDING PARTNERS.



Turning rice by-products into industry leading animal nutrition

Since 1978, CopRice has been extracting the full value from the by-products of rice production – rice bran, hulls and brokens – that it obtains from SunRice to create quality nutritious animal feed products for livestock and pets across the country. In FY19 alone, CopRice on-sold 93% of rice hulls resulting from the C18 rice crop to customers in the poultry, pig, dairy and equine markets to be used as animal bedding.

SOCIETIES & COMMUNITIES

Riviana enhances responsible sourcing



In FY19, Riviana conducted a full review and engagement with its wide supplier base to gain a better understanding of their approach to responsible sourcing. As one of the foundation steps in its full responsible sourcing program, Riviana is proud to have completed this step with all of its third party manufactured product suppliers over the past 12 months. Riviana's work in this area is part of the ongoing development and roll out of SunRice's responsible sourcing program across the Group.



Enriching the lives of Solomon Island and PNG communities

SolRice in the Solomon Islands and Trukai in PNG are committed to empowering the lives of the people in each country's local communities. An anti-domestic violence project in the Solomon Islands that utilised the extensive logistical reach of SolRice product to distribute information pamphlets on branded bags to where they are needed most, won an Australian Government Gender Equality Good Practice Award. In PNG, Trukai has provided solar-powered rice mills to local families, which has improved food security.



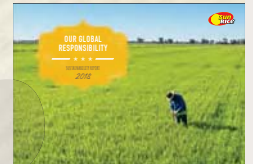
↓ 17.6%

REDUCTION IN THE TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR), PROGRESSING THE DECLINE IN THE NUMBER OF LOST TIME INJURIES ACROSS THE SUNRICE GROUP.

↓ 14%

REDUCTION IN THE LOST TIME INJURY SEVERITY RATE (LTISR), ALSO CONTINUING THE DECLINE IN THE NUMBER OF SIGNIFICANT INJURIES ACROSS THE GROUP.

GOVERNANCE



1ST

INAUGURAL SUSTAINABILITY REPORT AND APPOINTMENT OF HEAD OF SUSTAINABILITY TO LEAD THE GROUP'S SUSTAINABILITY PROGRAM



Anti-bribery and Corruption training rolled out in Vietnam

Our best practice anti-bribery and corruption (ABC) framework is based on a 'zero tolerance' commitment for all our employees around the world. Following the 2018 acquisition of the Lap Vo Mill in Vietnam, we have provided ABC training to our employees who are based there, in both English and Vietnamese, and we have implemented a framework to continue the training locally as the business expands.

Strengthened sustainability framework

Having completed our first full year of membership with the United Nations Global Compact Network Australia, and as part of our Sustainability Charter commitments, in FY19 SunRice lodged our first Communication of Progress against the Principles of the United Nations Global Compact. We have also continued our sustainability education program including the role SunRice can play in making a meaningful contribution to the Sustainable Development Goals.

"WE ARE PROUD OF OUR SUSTAINABILITY PERFORMANCE TO DATE BUT AS ONE OF THE LARGEST RICE COMPANIES IN THE WORLD, WE RECOGNISE THAT WE HAVE A RESPONSIBILITY TO CONTINUE TO IMPROVE AND IDENTIFY OUR ROLE IN ADDRESSING GLOBAL CHALLENGES."

LYNETTE RYAN, HEAD OF SUSTAINABILITY, SUNRICE

CORPORATE GOVERNANCE STATEMENT

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

This Corporate Governance Statement summarises the main corporate governance policies of the company and outlines the extent to which the company's corporate governance policies and practices are consistent with the third edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (**ASX Recommendations**). While the fourth edition of the ASX Recommendations has been released, it only takes effect for SunRice's financial year commencing 1 May 2020.

The Board does not consider that all of the ASX Recommendations are appropriate for the company given the related provisions in its constitution regarding the composition of the Board and shareholding requirements. However, where the company has not followed an ASX Recommendation, this has been identified together with the reasons why it has not been followed.

Copies of all the company's key policies and practices and the charters for the Board and its current Board Committees referred to in this statement are available in the corporate governance section of the company's website at www.sunrice.com.au.

Principle 1 – Lay solid foundations for management and oversight

Role of the Board (ASX Recommendations 1.1, 1.2, 1.3 and 1.4)

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

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

The roles and responsibilities of the Board and Committees are defined in the Board Charter and the written charters of the Finance, Risk and Audit Committee, the Nomination Committee, the Remuneration Committee, the Grower Services Committee and the Safety, Health and Environment Committee.

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

SunRice Group has written agreements with all Directors (as well as Senior Executives) setting out the key terms of their appointment.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity Policy (ASX Recommendation 1.5)

At SunRice, we are committed to creating an inclusive and diverse workplace where all employees are given equal opportunity to succeed.

Our Inclusion and Diversity Strategy provides a framework for SunRice to achieve, amongst other things, a workforce with diverse skills and experience, a workplace culture characterised by inclusive practices and behaviours, and improved employment and career development opportunities

for women and men.

SunRice's continued focus on inclusion and diversity include:

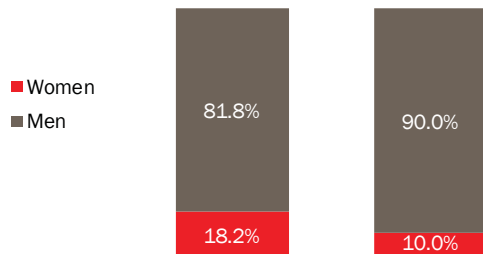
- Diversity in leadership and diversity of thought;
- Creating flexible, adaptable work practices; and
- Respectful workplaces where everyone feels they can contribute.

Across the Group, the respective proportions of male and female employees on the Board, in Senior Executive positions and across the business as at 31 March 2019 are illustrated in the tables on the following page. Key points of note include:

1. The proportion of women on the SunRice Board increased from 10% in FY18 to 18% in FY19.
2. The proportion of women in Senior Management decreased from 37.3% in FY18 to 33.3% in FY19. We will continue to focus on increasing the representation of women in all leadership roles to 40%, in line with our 2022 Growth Strategy.
3. We continue to demonstrate a Group-wide approach based on flexibility of where we work, when we work and what we work on at any given time. This approach focuses on outcomes rather than face time and is both formal and informal in nature.

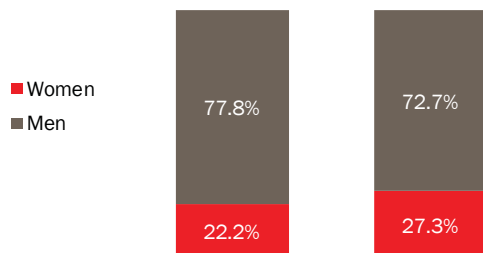
CORPORATE GOVERNANCE STATEMENT CONTINUED

Proportion of women on the Board



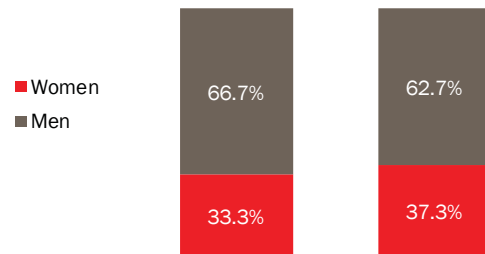
| | FY19 | FY18 |
|-----------------|-------|-------|
| Women | 18.2% | 10.0% |
| Men | 81.8% | 90.0% |
| Number of Women | 2 | 1 |
| Number of Men | 9 | 9 |

Proportion of women in Senior Executive positions in the Group¹



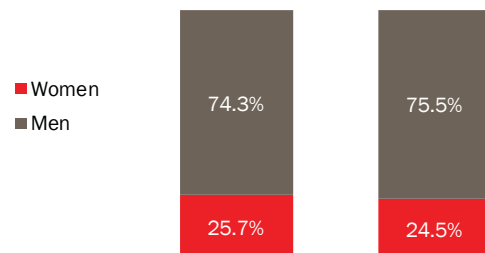
| | FY19 | FY18 |
|-----------------|-------|-------|
| Women | 22.2% | 27.3% |
| Men | 77.8% | 72.7% |
| Number of Women | 2 | 3 |
| Number of Men | 7 | 8 |

Proportion of women in Senior Management positions in Australia as reported in the Workplace Gender Equality Agency Report²



| | FY19 | FY18 |
|-----------------|-------|-------|
| Women | 33.3% | 37.3% |
| Men | 66.7% | 62.7% |
| Number of Women | 17 | 19 |
| Number of Men | 34 | 32 |

Proportion of women employees across the Group



| | FY19 | FY18 |
|-----------------|-------|-------|
| Women | 25.7% | 24.5% |
| Men | 74.3% | 75.5% |
| Number of Women | 489 | 535 |
| Number of Men | 1413 | 1645 |

¹ Senior Executive includes the Group CEO and other members of the Corporate Management Team and Subsidiary Company Heads.

² Senior Management includes Senior Executives (as defined in Note 1) and their direct reports. The number of senior managers represents Australian based senior managers only.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The following assessment of achievements to date against the measurable objectives in FY19 demonstrates our ongoing commitment to inclusion and diversity.

| FY19 Objective | Initiatives and Outcome |
|--|--|
| Focus on increasing the representation of women in all leadership roles at 40% | <p>Increased Gender Balance</p> <ul style="list-style-type: none"> The proportion of women on the SunRice Board has increased from 10.0% to 18.2% with the appointment of a new female Director in FY19. The proportion of women in 'Senior Management' roles has decreased from 37.3% to 33.3%, primarily because more senior roles were introduced into the business with males being recruited into these positions. We continue to closely monitor the recruitment of the vacant roles to ensure at least one to two women are placed on the short list, as opposed to our previous strategy, which relates to at least one woman on the short list for senior roles. The proportion of women employees across the Group increased slightly from 24.5% to 25.7%. |
| Ensuring <i>'SunRice motivates me to go beyond what I would in a similar role elsewhere'</i> | <p>Flexibility</p> <p>Due to the FY19 manufacturing reconfiguration in the Riverina, the decision to conduct a 'pulse' check was delayed. Instead, our third 'Say it as you see it' employee engagement survey will take place in FY20.</p> <p>Regardless, action planning continues across the Group where our focus remains on 'recognition and reward', having 'quality career conversations/development opportunities' and increased 'communication'. For example, we continue to:</p> <ul style="list-style-type: none"> Identify opportunities to improve our workplace and provide our people with the option to work from home, or work flexibly, where feasible. Measure our leaders to ensure Focused Development Plans are in place and quality career conversations are happening. Continue to develop our 'mentoring on the go' program following the introduction of Mentorloop – a cloud-based mentor/mentee scheme. Promote employee recognition with the introduction of formal and informal recognition programs. |
| Refresh our Diversity and Inclusion strategy to ensure delivery of our 2022 Growth Strategy | <p>Belonging</p> <p>In order to 'seek to understand' what is respected and valued at SunRice, we are in the process of drafting an employee survey on inclusion to enable us to gauge target key areas such as:</p> <ul style="list-style-type: none"> Fairness Opportunities and Resources Decision Making and Voice Belonging and Diversity Contribution to Broader Purpose Demographics |
| Other Notable Achievements | <p>National Association of Women in Operations (NAWO)</p> <ul style="list-style-type: none"> Learning and Development Manager appointed as Chair of NAWO Riverina Committee. Hosted and participated in panel discussion for NAWO Riverina on 'Who is plotting your next career move?'. The event also included a tour of our CopRice Stockfeed Manufacturing Plant in Leeton. Scheduled and participated in Quick Bite, Professional Development and Mentoring events. Our women and men participate in these events, including speaking engagements, which helps to broaden their skills and appreciation for inclusion and diversity within our Integrated Supply Chain group. |

AgriFutures Rural Women's Award

- Ongoing sponsorship of this national awards event, which is designed to enable women and men across the business to be inspired by rural women in our communities.

Jan Cathcart Memorial Scholarship Program

- Now in its fifth year, the \$30,000 scholarship is designed to support talented women who demonstrate a passion for and commitment to the rice industry and who can contribute and play a critical part in shaping a positive future.
- Provided work experience opportunities for scholarship recipients in roles across our Group Strategy, Rice Research, Marketing and Insights, Finance and CopRice divisions.

Western Riverina 'Grow Our Own' (GOO)

- Participation in a range of programs to promote careers within SunRice to both genders in the community.
- Regular contact with careers advisors in schools to inform them about available career options, provide work experience, and work placements to a range of young people trying different careers.
- Being part of the GOO network demonstrates our commitment to growing young people and encouraging them to stay in the Riverina, thus enhancing our age diversity.

Clontarf Foundation

Clontarf Foundation exists to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men and by doing so equips them to participate meaningfully in society.

We have partnered with Clontarf in support of their new Academy at Narrandera High School. Our support will initially commence with one eligible Foundation school leaver working for two years in our workplace. This will include combined employment with structured learning to develop workplace skills and provide a nationally recognised qualification at the Certificate II, III, IV or Diploma level.

Other:

- Ongoing partnership with FemiliPNG to support employees in PNG who have been victims of sexual or domestic violence.
- Participation in the National Aborigines and Islanders Day Observance Committee week celebrations.
- Participation alongside Deniliquin Local Aboriginal Land Council in support of linking disability services to Aboriginal communities.
- Participation in Proud and Deadly Aboriginal Student Awards, which recognise and celebrate the achievements of Aboriginal students from local schools in Deniliquin, Conargo, Mayrung, Finley, Barham, Hay, Balranald, Tooleybuc and Moama.

Building on our desire to create an inclusive work environment for all our people, we are aware that the benchmark keeps rising and we must not stand still if we are to continue to attract and retain the best talent. We have set ourselves the following measurable objectives for FY20.

FY20 Measurable Objectives

Our FY20 Measurable Objectives will be:

1. Continue to focus on increasing the representation of women in all leadership roles at 40% by FY22 and in line with our 2022 Growth Strategy.
2. Develop a cultural intelligence program to enable our top 100 leaders to lead in a way that ensures everyone has the same opportunity by always encouraging an inclusive and respectful culture in every interaction we have. The outcomes will aim to contribute towards successful sustainable partnerships that deliver business results, and to raise awareness and celebrate our cultural differences.

Board Performance Evaluation (ASX Recommendation 1.6)

SunRice has an established practice of annual performance review, covering the Board as a whole, Committees and individual director contributions. In 2018/19, this review is being conducted by an independent third party.

An action plan is being developed to set priorities for the 2019/20 year and progress will be measured against the agreed areas by the Board.

All Directors have completed the Company Directors Course run by the Australian Institute of Company Directors and, where relevant, have either undertaken, or committed to undertake, the Company Directors Course Update. Programs are in place to ensure Directors are provided with updates on corporate governance, Directors' duties, workplace health and safety and other relevant regulatory requirements.

Directors are satisfied with the role and performance of the Board, and with the program of ongoing development.

Management Performance Evaluation (ASX Recommendation 1.7)

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

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

Principle 2 – Structure the Board to add value

Nomination Committee (ASX Recommendation 2.1)

The role of the Nomination Committee is to identify the attributes that are required by the Board and to enhance those attributes, both on an ongoing

basis and in the circumstances that candidates are recommended to shareholders for election to the Board.

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

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

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

The Committee charter is available on the company's website at www.sunrice.com.au.

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

Details of Directors (ASX Recommendation 2.2)

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

Within the constraints of the company's constitution, the company aims to achieve a mix of rice industry knowledge, finance, risk management and other business skills among the Directors to lead and monitor the company as well as protect shareholder

interests. The table on the next page sets out the range of skills identified as important for the Board, how many Directors the Board believe is the minimum number of Directors required to have that skill and the current number of Directors that have been assessed as having that skill.

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

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



The procedure for the selection and appointment of new Directors and the re-election of incumbent Directors, and the Board's policy for the nomination and appointment of Directors, is set out in the Nomination Committee Charter.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Skills and experience of non-executive Directors

| Key Skill | Demonstrated by these attributes | Board Strength* | | | | | | | | | | |
|--|--|-----------------|--|--|--|--|--|--|--|--|--|--|
| Rice Industry experience | Good working knowledge of the structure, operations and opportunities in the Australian rice industry. | | | | | | | | | | | |
| Food Processing and Distribution and/or Fast Moving Consumer Goods (FMCG) experience | Successful recent experience in a relevant part of the food or FMCG industry. | | | | | | | | | | | |
| Risk management expertise | Proven knowledge, background and experience with balancing commercial imperatives with agreed risk appetites. | | | | | | | | | | | |
| Financial management expertise | Successful executive experience with financial accounting, corporate finance, treasury, tax and internal controls. | | | | | | | | | | | |
| Research & Development (R & D) | Experience in, or commissioning of and evaluating R & D activities. | | | | | | | | | | | |
| Successful strategy, growth and business development experience, including with mergers and acquisitions (M & A) | Track record of creating long term value for shareholders and identifying suitable opportunities. | | | | | | | | | | | |
| ASX board and other relevant board experience | Exposure to relevant disclosure regimes, understanding of contemporary governance practices. | | | | | | | | | | | |
| International markets and trade | Experience with import/export practices, knowledge of relevant trade law and appreciation of market opportunities. | | | | | | | | | | | |
| Executive leadership | Experience with appointing and evaluating senior management, succession planning and monitoring corporate performance. | | | | | | | | | | | |
| Audit and compliance including responsibility for culture and ethical standards | Including large organisation experience, audit committee expertise, setting and monitoring appropriate standards. | | | | | | | | | | | |

* The total number of 11 Directors is represented by 11 boxes

| | |
|---|--|
|  | Importance for SunRice (how many Directors the Board believe is the minimum number of Directors required to have that skill) |
|  | Current Board strength (how many Directors have been independently assessed as having that skill) |

Independence of Directors (ASX Recommendations 2.3, 2.4 and 2.5)

The independence, relevant skills, experience and expertise held by each Director in office are provided in the company's Annual Report.

The company's independent Directors are Ian Glasson, Luisa Catanzaro and Andrew Crane.

The Board considers a Director to be independent only where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence in

a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the company and its shareholders generally.

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

case basis, and where appropriate with the assistance of external advice.

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

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

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

Accordingly, while they are able to bring an independent judgement to bear on Board decisions, the seven Directors who are A Class Shareholders have not been characterised as independent due to this potential perception concern. This means that contrary to Recommendation 2.4 and 2.5 of the ASX Principles, the Board does not have a majority of independent Directors nor an independent Chairman. However, the company complies with ASX Recommendation 2.5 to the extent that it requires the Chairman of the Board not to be the same person as the CEO.

Induction for new Directors (ASX Recommendation 2.6)

The company has a program in place for inducing new Directors and providing appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Access to Information

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

Principle 3 – Act ethically and responsibly

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

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

Code of Conduct (ASX Recommendation 3.1)

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

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

Share Trading Policy

The Share Trading Policy applies to all Directors, executives, employees, consultants and professional advisers of the company. The policy specifies the periods during which the Directors and executives of the company may purchase and sell the company's securities, and sets out a notification procedure concerning trading by Directors.

Copies of the Directors' Code of Conduct, Group Code of Conduct and Share Trading Policy are available on the company's website at www.sunrice.com.au.

Principle 4 – Safeguard integrity in corporate reporting

Finance, Risk and Audit Committee (ASX Recommendation 4.1)

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

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

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

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

The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. Under the Paddy Pricing Policy the external audit firm also reviews SunRice's Rice Pool calculation in respect of each crop. However, as a broad guideline it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence.

A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance, Risk and Audit Committee.

A copy of the company's External Auditor Independence Policy is available on the company's website.

The Committee is also responsible for the internal audit program of the company, which is totally independent of the external audit function. The Committee reviews and monitors the program and reviews internal audit reports. The internal audit function has been outsourced to KPMG.

Currently, the membership of the Committee is comprised of three independent Directors and two non-independent Directors (all of whom are non-executive Directors). An independent Director is the Chairman of the Committee.

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

In accordance with the Corporations Act 2001, the lead partner and the review partner of the external auditor will be rotated at least every five years.

The Committee charter is available on the company's website at www.sunrice.com.au.

Financial records (ASX Recommendation 4.2)

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

External auditor's attendance at the Annual General Meeting (ASX Recommendation 4.3)

The external auditor attends the company's Annual General Meeting to be available to answer questions from shareholders relevant to the audit.

Principle 5 – Make timely and balanced disclosure

Continuous disclosure (ASX Recommendation 5.1)

The company has adopted a Disclosure and Communications Policy. This policy outlines corporate governance measures adopted by the company to deliver on its commitments to the disclosure and communication of information concerning the company.

The company is committed to the objective of promoting investor confidence and protecting investor rights. This means complying with continuous disclosure obligations imposed by law; ensuring that company announcements are presented in a factual, clear and balanced way; ensuring that investors have equal and timely access to material information concerning the company, and communicating effectively with investors.

Under this policy, the company has approved the establishment of a Disclosure Committee to manage its disclosure obligations. The Disclosure Committee's responsibilities include, amongst others, assessing the possible materiality of information which is potentially price sensitive, making decisions on information to be disclosed to the market, referring any announcements which the Disclosure Committee considers to be a matter of key significance to the Board for consideration, and monitoring disclosure processes and reporting.

The Disclosure and Communications Policy is available on the company's website at www.sunrice.com.au.

The company has also adopted relevant guidelines to assist its officers and employees to understand and comply with the Disclosure and Communications Policy. This includes understanding the disclosure obligations under the ASX Listing Rules and the Corporations Act, how to comply with the company's internal reporting processes and controls, and the consequences of a breach of disclosure obligations.

Principle 6 – Respect the rights of security holders

The Disclosure and Communications Policy (ASX Recommendations 6.1, 6.2, 6.3 and 6.4)

The company's Disclosure and Communications Policy promotes effective communication with all stakeholders, including shareholders, to assist them in making informed decisions and to encourage effective participation. Communication initiatives undertaken by the company include regular business updates, grower and shareholder briefings, media announcements, and the company website at www.sunrice.com.au.

Relevant information released to the market by the company is posted on the company's website after the information has been given to the ASX and the ASX has confirmed the release of this information to the market.

All recent company announcements, media releases, details of company meetings and annual reports are also available on the company's website.

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

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

The company has a range of investor relations strategies to facilitate effective two-way communication with investors. Shareholders of the company have the option to receive communications from, and send communications to, the company and its security registry electronically.

The Disclosure and Communications Policy is available on the company's website at www.sunrice.com.au.

Principle 7 – Recognise and manage risk

Risk management oversight (ASX Recommendations 7.1 and 7.2)

The Board oversees the establishment, implementation and review of the company's risk management framework, which has been established to identify, assess, monitor and manage operational, financial and compliance risks.

The responsibility for ongoing review of risk management has been delegated to the Finance, Risk and Audit Committee who conducts formal reviews at least twice a year and reports to the Board regularly regarding risk.

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

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

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

The company has established a well-documented system of internal controls that take account of key business exposures. The system is designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is timely and reliable.

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

Internal audit function (ASX Recommendation 7.3)

The internal audit function plays a key role in providing an objective and continuing assessment of the effectiveness of the company's internal control systems. It ensures information is reliable and has integrity, operations are efficient and effective, and policies and regulations are adhered to.

The internal auditor has direct access to the Finance, Risk and Audit Committee and to the Board.

Economic, environmental and social sustainability risks (ASX Recommendation 7.4)

The Board and management have identified a number of risks that are relevant to SunRice (refer to section 7 of the Directors' Report on page 29). The company's 2018 Sustainability Report is available on the company's website at www.sunrice.com.au

Safety, Health and Environment Committee

The Safety, Health and Environment Committee has been established to support the provision of robust systems to ensure that the company achieves and maintains its objectives in relation to safety, health and environment, including all relevant legislation, policies and targets. The Committee reviews and makes recommendations to the Board on policies in relation to Safety, Health and Environment policies, priorities and targets.

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

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

The Committee charter is available on the company's website at www.sunrice.com.au.

Grower Services Committee

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

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

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

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

The Committee charter is available on the company's website at www.sunrice.com.au.

Principle 8 – Remunerate fairly and responsibly

Remuneration Committee (ASX Recommendation 8.1, 8.2 and 8.3)

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

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

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

Currently, the membership of the Committee is comprised of two independent Directors and two non-independent Directors (who are all non-executive Directors).

The composition of the Remuneration Committee does not comply with Recommendation 8.1 of the ASX Principles to the extent that it recommends that a remuneration committee consists of a majority of independent Directors. However, the Board believes that, in the context of the current make-up and size of the Board, the perspective and expertise that the current members bring to the Committee is appropriate. The Chairman of the Committee (who is currently an independent Director) has a casting vote in addition to a deliberative vote.

The Committee charter is available on the company's website at www.sunrice.com.au.

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

The company's Share Trading Policy prohibits directors and executives from trading in financial products issued or created over the company's securities by third parties, or trading in associated products. The Policy also prohibits directors and executives from entering into any transaction that operates to limit the economic risk of their security holding in the company. A copy of the company's Share Trading Policy is available on its website at www.sunrice.com.au.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as SunRice or the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the financial year ended, 30 April 2019.

1. Directors and their qualifications

The following persons were Directors of Ricegrowers Limited during the financial period and up to the date of this report, unless otherwise stated:

Laurie Arthur

BAGSc GAICD

Chairman

Non-executive Director – Grower

Moulamein Grower. Director since 2007. Chairman since 2014. Directors' Committees: Chairman, Nomination. Member, Remuneration. Director, Aqaba Processing Company Ltd (Jordan). Representative, Rice Industry Co-ordination Committee. Former President of the Ricegrowers' Association of Australia Inc and a Commissioner of the National Water Commission.

Rob Gordon

BSc (Hons) CEng MAICD

Chief Executive Officer

Executive Director – Non-Grower

Director since 2012. Chairman, Ricegrowers Singapore Pte Ltd, Ricegrowers Vietnam. Director, Riviana Foods Pty Ltd; Roza's Gourmet Pty Ltd; Aqaba Processing Company Ltd (Jordan); Trukai Industries Ltd (PNG); Solomons Rice Company Limited (Solomon Islands); Sunshine Rice Inc (USA); Ricegrowers Middle East DMCC (UAE); Australian Grain Storage Pty Ltd; Sunshine Rice Pty Ltd; Rice Research Australia Pty Ltd, Inghams Group Limited. Member, Agribusiness Advisory Board, Rabobank; Representative, Rice Industry Co-ordination Committee. Former: Director, Bread Research Institute of Australia Ltd; Advisory Board Member, Gresham Private Equity. For executive experience please refer to the Corporate Management Team profiles on page 15.

Luisa Catanzaro

BComm FCA GAICD

Non-executive Independent Director – Non-Grower – Appointed on 20 September 2018

Director since 2018. Directors' Committees: Chairman, Finance, Risk and Audit. Member Remuneration and Nomination. Director, The BeCause Foundation Ltd. Former: CFO, Lynas Corporation Limited; CFO and Company Secretary, Dairy Farmers; The Australian Agricultural Company Limited. Senior finance roles, Pioneer International Limited. Senior audit manager, Arthur Andersen.

Ian Glasson

BEng (Hons) GAICD

Non-executive Independent Director – Non-Grower

Director since 2016. Directors' Committees: Chairman, Remuneration. Member, Finance, Risk and Audit and Nomination. Director, Clover Corporation. Former: CEO of PGG Wrightson; CEO of Gold Coin Group/Zuellig Agriculture; CEO, Sucrogen; Managing Director of Gresham Rabo Food & Agribusiness PE Fund; Managing Director, Goodman Fielder's international ingredients division; various management and engineering positions in Esso Australia and its parent Exxon.

Andrew Crane

BSc (Hons) PhD FAICD

Non-executive Independent Director – Non-Grower – Appointed on 20 September 2018

Director since 2018. Directors' Committees: Member, Finance, Risk and Audit. Director, Viridis Ag Pty Ltd; Viridis Ag Services Pty Ltd; Lawson Grains Pty Ltd; RAC WA Holdings Ltd. Chancellor, Curtin University. Former: CEO of CBH. CBH JV Director of Interflour. General Manager Strategy and Business Development and General Manager Marketing and Trading CBH. Various manufacturing, purchasing and international sales roles in the European malting and brewing industry. Member, the Prime Minister's B20 Leadership Group in 2014.

Gillian Kirkup

MAICD

Non-executive Director – Grower (Elected RMB Director)

Yanco Grower. Director since 2005. Directors' Committees: Member, Finance, Risk and Audit, Remuneration and Nomination. Member, Rice Marketing Board for the State of NSW. Representative, Irrigation Research Extension Committee. Former: Member, NSW Agricultural Consultative Committee to the Bureau of Meteorology; Chairman, Murrumbidgee Irrigation Limited; Member, Reference panel for the Prime Minister's Working Group on Soil, Water and Food; Basin Community Association; Delegate, National Irrigators Council; and Director, NSW Irrigators Council. Named as one of the Top 100 Women in Australian Agribusiness (2014).

DIRECTORS' REPORT CONTINUED

John Bradford

MAICD

Non-executive Director – Grower (Elected RMB Director)

Mayrung Grower. Director since 2015. Directors' Committees: Chairman, Grower Services, Rice Research Australia Pty Ltd and Trukai Industries Limited (PNG). Member, Rice Marketing Board for the State of NSW. Alternate Delegate, Deniliquin Branch, Ricegrowers Association of Australia Inc. Former: Chairman Southern Riverina Irrigators; Delegate and Member, NSW Irrigators Council.

Ian Mason

MAICD

Non-executive Director – Grower (Elected RMB Director)

Finley Grower. Director since 2018. Directors' Committees: Member, Grower Services, Safety Health and Environment and Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Former Chairman of AgriFutures Australia Rice Advisory Pane.

Glen Andreazza

Adv Dip Agr FAICD

Non-executive Director – Grower

Willbriggie Grower. Director since 2011. Directors' Committees: Chairman, Safety Health and Environment. Member, Grower Services. Mirrool Branch Alternate Delegate, Ricegrowers' Association of Australia Inc. Councillor, Griffith City Council.

Mark Robertson

MAICD

Non-executive Director – Grower

Berriquin Grower. Director since 1996. Directors' Committees: Member, Grower Services and Safety Health and Environment. Director, Trukai Industries Limited (PNG). Representative, Rice Industry Coordination Committee.

Dr Leigh Vial

BAgrSc (Hons) MEc PhD GAICD

Non-executive Director – Grower

Moulamein Grower. Director since 2015. Directors' Committees: Member, Finance, Risk and Audit, Grower Services, and Safety Health and Environment. Representative, AgriFutures Rice Research Committee. Director, Agripak Pty Ltd. Member, AgriFutures Australia. Adjunct Fellow, University of Queensland. Former: Head of International Rice Research Institute's Experiment Station (Philippines).

Grant Latta AM

MBA BBus FAICD FAIM FAMI CPA

Non-executive Independent Director – Non-Grower – retired on 20 September 2018

Director since 1999. Directors' Committees: Chairman, Finance and Audit. Member, Remuneration and Nomination. Executive Chairman, GCM Corp Pty Ltd. Director, Coleambally Irrigation Co-operative Limited; Sealy Australia. Member, Australian Competition Tribunal (Federal Court). Former: Chairman, Vision Systems Ltd; TP Health Limited; Bennelong Funds Management; Europcar Asia Pacific; Optiscan Imaging Limited; Kailis and France Foods; Grains Research and Development Corporation (GRDC). Deputy Chairman, Food Science Australia; Export Finance and Insurance Corporation (EFIC). Director, Austrade, Chief Executive Officer, Camerlin Group. Managing Director, Pacific Brands Food Group; Pacific Dunlop's Industrial Group.

2. Company Secretary and qualifications

Mandy Del Gigante

BComm, CPA, AGIA, ACIS, GAICD

Company Secretary

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

3. Principal activities

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

4. Dividends

Dividends distributed to members during the financial year were as follows:

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Final dividend for the year ended 30 April 2018 of 33 cents (2017: 33 cents) per ordinary B Class share | 18,780 | 18,402 |
| Total dividend distributed | 18,780 | 18,402 |

Since the end of the financial year, the directors have recommended the distribution of a fully franked final dividend of \$19,379,000 (33 cents per fully paid ordinary B Class share) to be paid on 30 July 2019 out of retained earnings at 30 April 2019.

5. Consolidated entity result

The profit before income tax of the Group for the period was \$48,411,000 (2018: \$62,862,000).

The net profit after income tax of the Group for the period was \$32,767,000 (2018: \$45,121,000).

The net profit of the Group for the period after income tax and after non-controlling interests was \$31,498,000 (2018: \$42,695,000).

6. Review of operations

A comprehensive review of operations is set out in the Chairman and Chief Executive Officer messages, as well as in the Profit Businesses and Rice Pool Business sections of this Annual Report.

7. Risks specific to the SunRice Group and climate change

The SunRice Group is exposed to a number of specific risks that may have an adverse impact on its current and future operations and financial performance. The following information summarises the main key risks identified by the Board and management. This list is not exhaustive and other risks, including emerging ones, may become key in the future:

Global commodity markets:

Rice is a globally traded commodity whose price fluctuates as a result of local and international changes in supply and demand which are themselves influenced by weather conditions, levels of global stockpiles, tariffs and other trade barriers.

Supply levels of rice from the Riverina, water availability, water affordability and competing crops:

The variability of supply levels of Riverina Rice directly influences the intensity of our international supply chain operations and may impact the Group's overall financial performance and the maintenance of brands and markets if no equivalent quality of rice can be sourced at competitive conditions.

The level of supply of Riverina Rice is itself a factor of available water at an affordable price (which is sourced from and regulated by the Murray-Darling Basin Authority) and the competitiveness of rice compared to alternative crops. A single year of small Riverina crop may result in a loss-making Rice Pool Business to be absorbed by the Profit Businesses while multiple consecutive years of small Riverina crops may also include the recognition of material non-recurring charges (restructuring, asset impairment) and could durably affect the Group's business model and strategy.

Foreign exchange risk on transactions and on translation:

The SunRice Group is exposed to fluctuations of foreign exchange rates where no hedge exists. This is notably the case in countries where foreign currencies are not freely traded or available (such as United States Dollar (USD) in Papua New Guinea) and no or limited hedging opportunities exist. This exposes the Group (including its subsidiaries such as Trukai Industries Limited) to sudden devaluation of the local currency against the transaction currency (mostly USD in relation to purchases of rice) and the Group reporting currency (Australian Dollar).

Sovereign and political risk:

The SunRice Group operates in, and has ambition to expand into, a number of countries regarded as having a higher risk rating than Australia. Any political, legal, economic or social changes in these countries have the potential to reduce operational returns and the value of the SunRice Group's investment in those countries. This is particularly relevant in countries where rice importation is regulated through 'single desk', government-controlled bodies in order to protect their domestic rice industries.

Failure to successfully implement the SunRice Group 2022 Growth Strategy:

The SunRice Group has identified a number of strategic priorities as part of its 2022 Growth Strategy. There is a risk that the benefits associated with those priorities may be delayed or not occur due to execution risk factors or inability to secure funding.

Disruption of operations:

The SunRice Group is engaged in manufacturing and distribution activities around the world that are subject to inherent operational risks such as safety incident, fire, machinery failure, milling yield fluctuations, product defects or contamination, strategic supplier default, labour or industrial dispute, or breach in information technology systems.

Dual class share structure, limited voting rights and B Class Shareholding Limit:

The SunRice Group's dual class share structure, the limited voting rights attached to B Class Shares, and the B Class Shareholding Limit of 10% distinguish it from other ASX listed companies. In addition, A Class shareholders must, per the SunRice constitution, be Active Growers producing a certain volume of rice over a set period of time. Drought periods create a risk that Active Growers deplete, concentrating de facto the control between a smaller number of A Class shareholders. The Board however has discretion to defer redemption of any A Class share or revisit the criteria set by the Constitution for qualification as an Active Grower (a change in Constitution requiring to be put to A Class Shareholders for approval).

These non-standard elements may make B Class Shares less attractive as an investment compared to an investment in shares in a typical ASX listed entity. As a result, B Class Shares may trade at a lower price than if these elements did not exist.

Competition and consumer preferences:

The SunRice Group sells its products to a range of major Australian and international companies including the major Australian supermarket chains. A significant change in the competitive landscape, demand for, or the price paid for, the SunRice Group's products by key customers may affect the SunRice Group's sales volumes and margins and thereby adversely affect the SunRice Group's revenue, profitability and growth.

Climate change

The SunRice Group acknowledges the existence of physical and transitional risks and opportunities induced by climate change and is committed to work towards implementing the recommendations of the Task force on Climate-related Financial Disclosure ("TCFD").

Our approach to managing the climate change related risk is consistent with our entity-wide risk management framework and risk culture. While several years will be required to achieve the full extent of disclosures intended by the Financial Standards Board, the SunRice Group has started to embed climate change considerations in various levels of its strategic and operational decision-making process and business planning.

Reported acute weather events and chronic changing weather patterns have and will continue to have an impact on global rice supply in general and Australia in particular. The risk of water scarcity in the supply chain has been recognised for many years and the drought conditions currently being experienced through much of eastern Australia support the Group's strategy to prioritise environmental stewardship in our operations and increase the resilience of our supply chain to climate risks:

- A key element of our international growth strategy is the establishment of a secure, sustainable and reliable global supply chain which mitigates our exposure to isolated weather events in any one region. Such diversification strategy was initiated 10 years ago by investing in a direct access to Californian rice and remains current with the recent acquisition of a mill in Vietnam. Our dual-hemisphere, multi origination sourcing strategy led to the supply of rice in FY19 from the Riverina region and Queensland, Australia, and from nine different countries (Cambodia, China, India, Italy, Pakistan, Spain, Thailand, the United States and Vietnam).
- Our multi-decade investment in research and innovation has helped enhance the Australian rice and farming systems to increase yield and reduce the use of fertilisers and other inputs. This is notably achieved through the management of our genetically pure seed program to maintain consistent quality and full traceability, the development of new varieties and farming techniques such as delaying permanent water use, drill seeding and flush irrigation.

8. Significant changes in the state of affairs

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (incorporated in Australia).

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Ricegrowers Vietnam Limited Liability Company (also known as Lap Vo Dong Thap Food Company Limited and incorporated in Vietnam).

On 8 April 2019, Ricegrowers Limited (trading as SunRice – SGL) was admitted to the Official List of the Australian Securities Exchange (ASX). Listing on the ASX provides SunRice with better future access to equity capital, when it is required, in order to deliver on the company's 2022 Growth Strategy, a five-year roadmap that capitalises on global food trends and the business' competitive advantages, with the aim of increasing paddy prices for rice growers and driving shareholder value.

DIRECTORS' REPORT CONTINUED

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

9. Events occurring after the end of the reporting period

On 19 June 2019, the SunRice Group's division, CopRice, signed a purchase agreement to acquire 100% of the extrusion assets of FeedRite Pty Ltd (FeedRite), one of Australia's leading manufacturers of premium extruded rice bran based equine feed. The FeedRite asset acquisition is another investment aligned with the Group's 2022 Growth strategy and will allow CopRice to continue expanding its premium feed business, especially in the key Ag Retail channel, and complements the Group's supply of rice bran from our Riverina milling program. The cost of the acquisition of FeedRite's assets, as well as the capital expenditure upgrade and expansion of the site to CopRice's specifications and standards, is not expected to exceed \$10,000,000. Completion of the acquisition is expected over the coming months, pending satisfaction of a number of conditions precedent.

The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in this annual 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.

10. Likely developments and expected results of operations

Other than as separately disclosed in this annual report, further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report as the Directors believe it is likely to result in unreasonable prejudice to the Group.

11. Environmental regulation

The Group is subject to significant environmental regulation in respect of its land development, construction and manufacturing activities in Australia, including:

- Land development planning approvals under the NSW Environmental Planning and Assessment Act 1979 and Development Victoria Act 2003; and
- Compliance with Protection of the NSW Environment Operations Act 1997, Vic Environment Protection Act 2017, the NSW Environmentally Hazardous Chemicals Act 1985, the Waste Avoidance and NSW Resource Recovery Act 2001, QLD Environmental Protection Act 1994, California Environmental Quality Act (CEQA) 1970, PNG Environment Act 2000 and Jordan Environmental Protection Law No. 52 of 2006

SunRice has 18 registered Environmental Protection Authority (EPA) licenses in NSW, one in California, USA and one Development Approval in Queensland requiring annual returns.

All sites completed and submitted their annual returns during the financial year, and:

- Any complaints received in relation to environmental issues were and continue to be investigated and action plans were and continue to be implemented to reduce the impact of the SunRice Group's activities.
- One pollution reduction program was completed for licensed facilities at the Deniliquin Mill.
- Two new pollution reduction programs have been initiated at the licensed facility Leeton CopRice Mill.
- One fine was received by the Leeton CopRice Mill, which resulted in the pollution reduction programs above.

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.

SunRice assessed its Australian energy usage and submitted its National Greenhouse and Energy Report to the Clean Energy Regulator during the year, reporting on scope 1 and 2 emissions within Australian Operations. The following table reports outcomes for the past four years.

| Financial Year | AU Gigajoules of energy | AU TC02 Scope 1,2 Emissions | SRG TC02 Scope 1,2 Emissions |
|----------------|-------------------------|-----------------------------|------------------------------|
| 2014-2015 | 543,226 | 99,274 | N/A |
| 2015-2016 | 424,349 | 68,461 | N/A |
| 2016-2017 | 422,923 | 71,152 | N/A |
| 2017-2018 | 487,956 | 84,547 | 117,618 |

SunRice Group (SRG) Sourced from SunRice Sustainability Report - Non Australian Emissions may be subject to variations

12. Directors' interests in shares

Directors' interests in A and B Class shares of Ricegrowers Limited are shown in the Remuneration Report.

13. Directors' benefits

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

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

Several Directors sit on local Boards which serve the rice industry. The Group has dealings with these Boards and Committees whose purpose is to deal with issues that relate to the rice industry.

14. Directors' meetings

| | Board | | Finance, Risk & Audit Committee | | Grower Services Committee | | Remuneration Committee | | Nomination Committee | | Safety, Health & Environment Committee | |
|-------------------------|----------|----------|---------------------------------|----------|---------------------------|----------|------------------------|----------|----------------------|----------|--|----------|
| | Attended | Possible | Attended | Possible | Attended | Possible | Attended | Possible | Attended | Possible | Attended | Possible |
| LJ Arthur | 8 | 8 | 4 | 4 | 3 | 4 | 5 | 5 | 5 | 5 | - | - |
| I Mason | 8 | 8 | 3 | 3 | 3 | 4 | - | - | - | - | 4 | 4 |
| G Andreazza | 8 | 8 | - | - | 4 | 4 | - | - | - | - | 4 | 4 |
| R Gordon | 8 | 8 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 4 | 4 |
| GL Kirkup | 8 | 8 | 4 | 4 | - | - | 5 | 5 | 5 | 5 | - | - |
| DM Robertson | 8 | 8 | - | - | 2 | 2 | 2 | 2 | 2 | 2 | 4 | 4 |
| LK Vial | 8 | 8 | 4 | 4 | 4 | 4 | - | - | - | - | 4 | 4 |
| J Bradford | 8 | 8 | - | - | 4 | 4 | - | - | - | - | - | - |
| I Glasson | 7 | 8 | 4 | 4 | - | - | 5 | 5 | 5 | 5 | - | - |
| L Catanzaro | 5 | 5 | 3 | 3 | - | - | 4 | 4 | 4 | 4 | - | - |
| A Crane | 5 | 5 | 1 | 1 | - | - | - | - | - | - | - | - |
| Former Directors | | | | | | | | | | | | |
| GF Latta AM | 2 | 3 | 1 | 1 | - | - | 1 | 2 | 1 | 1 | - | - |

* LJ Arthur is not a member of the Finance, Risk & Audit Committee or the Grower Services Committee however attends meetings.

** R Gordon attends all Committee meetings.

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

15. Remuneration report (audited)

Executive Summary

At SunRice, our remuneration strategy is designed to create value for our shareholders by aligning the Total Rewards Strategy to the achievement of business goals.

Rewards Philosophy

At SunRice,

- We attract, motivate, engage and retain talented employees who deliver on our strategic goals and that of our shareholders, rice growers, and the communities in which we operate.
- We meaningfully differentiate rewards based on individual performance and behaviours, team contribution, cross-functional contribution, existing external professional networks, business and grower mindset, company affordability and market positioning.
- We offer competitive Total Packages, aligned with a globally consistent framework, yet adapted to changing business conditions.
- Our value proposition across our diverse workforce is unique with opportunities aligned with being an Australian owned, global organisation.
- Our strategy is underpinned by fairness and consistency in our approach and we aim to be at the forefront of our competitors.
- We care for our employees and provide opportunities to strengthen their health and well-being.
- We retain and develop key talent who deliver on SunRice's long-term strategy and who demonstrate career potential in areas critical to our long-term strategy.
- We recognise employees who Make a Difference.

To be the best, we employ the best, and retain the best to support our positive, inclusive and accountable culture.

A year in review

FY19 has been a significant year for SunRice, including listing on the Australian Securities Exchange (ASX) and continuing to pursue our 2022 Growth Strategy, cementing the SunRice Group's position as a truly international and diversified FMCG business. Our achievements have been reflected in our ability to deliver NPAT on guidance and target despite challenging headwinds.

Consolidated revenue of \$1.2 billion was up 1.3% year-on-year, net profit before tax was \$48.4 million, down 23% year-on-year and net profit after tax was \$32.8 million, within guidance but 27.4% down year-on-year.

The Board is pleased with these achievements and the results reflect a significant contribution from all employees who adjusted to the challenging conditions while continuing to embrace the 2022 Growth Strategy, which lays out the pathway for future growth and the opportunity for diversification for the benefit of growers, shareholders and employees for generations to come.

During the reporting period, the Short Term Incentive (STI) plan metrics were reviewed to align remuneration outcomes with the annual strategy and focus areas of each of the business units. The Board also approved another round of offers to employees under the Employee Share Scheme (ESS) and Long-Term Incentive (LTI) Plan as launched in early 2018. Details are outlined in section 4.3, 4.6 and 4.9 respectively.

This Remuneration Report has been audited and prepared in accordance with the requirements of the Corporations Act 2001.

Outline of this Remuneration Report

The Remuneration Report has the following sections:

1. Overview
2. Key Management Personnel
3. Remuneration Governance at SunRice
4. Executive Remuneration Policy and Framework
5. Remuneration Tables
6. Remuneration of non-executive Directors
7. Shareholdings and other mandatory disclosures
8. Voting and comments made at Ricegrowers Limited's Annual General Meeting

DIRECTORS' REPORT CONTINUED

Five-year financial performance

SunRice aims to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. As set out in the table below, the measures show the Group's financial performance over the past five years, as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to Key Management Personnel (KMP) as outlined in section 4. Therefore, there may not be a direct correlation between the statutory related key performance measures and the variable remuneration awarded.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------|--------|--------|--------|--------|
| Group NPBT (\$'000s) | 48,411 | 62,862 | 40,289 | 73,172 | 70,650 |
| Medium Grain Paddy Price (\$/t) | 411.19 | 378.66 | 415.00 | 403.60 | 394.62 |
| Earnings per Share (cents) | 54.5 | 75.9 | 61.3 | 88.0 | 77.9 |
| Return on Capital employed (%) (1) | 9.9% | 15.1% | 10.3% | 15.1% | 15.8% |
| Dividend (cents per B Class Share) | 33.0 | 33.0 | 33.0 | 33.0 | 31.0 |
| Increase / (decrease) in share price (%) | 62.9% | -6.8% | 1.9% | -8.7% | 41.5% |
| Average STI payment as a % of Maximum STI opportunity for Key Management Personnel (2) | 113.1% | 135.3% | 26.7% | 83.7% | 73.8% |

1. Return On Capital Employed is defined as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.

2. SunRice Chief Executive Officer is excluded and participates under a separate STI plan.

1. Overview

The Directors are pleased to provide shareholders with this Remuneration Report for the year ended 30 April 2019, which outlines the Board's approach to remuneration for Non-executive Directors, the Executive Director and other KMP.

In accordance with the Constitution of Ricegrowers Limited, certain Directors are appointed as Directors of the Company based on their status as elected members of the Rice Marketing Board (RMB).

The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

2. Key Management Personnel

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 KMP of the Group for the 2019 financial year, being persons who, during the year, had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly (as defined under Australian Accounting Standards).

The KMP of the Group for the year ended 30 April 2019 were:

| Name | Position |
|--|--|
| A. Current Directors (including the Executive Director) | |
| LJ Arthur | Non-executive Director and Chairman |
| GA Andreazza | Non-executive Director |
| RF Gordon | Executive Director and Chief Executive Officer |
| GL Kirkup | Non-executive Director (RMB elected member) |
| GF Latta AM (retired September 2018) | Non-executive Director (Independent) |
| IR Mason | Non-executive Director (RMB elected member) |
| DM Robertson | Non-executive Director |
| LK Vial | Non-executive Director |
| JMJ Bradford | Non-executive Director (RMB elected member) |
| ID Glasson | Non-executive Director (Independent) |
| L Catanzaro (appointed September 2018) | Non-executive Director (Independent) |
| A Crane (appointed September 2018) | Non-executive Director (Independent) |

| Name | Position |
|------------------------------|--|
| B. Current Executives | |
| DC Courtelis | Chief Financial Officer |
| D Keldie | General Manager, Global Consumer Markets |

3. Remuneration Governance at SunRice

The Remuneration Committee conducts an annual review of the Company's remuneration policy and structure to ensure it remains aligned to business needs and meets our remuneration principles.

From time to time the Committee engages external remuneration consultants to assist with this review as outlined in 3.1. The Committee is responsible for making recommendations to the Board in respect of Directors' and Executives' remuneration, however makes no formal decisions on behalf of the Board.

Committee members are outlined in the Directors' Report and the Remuneration Committee Charter is available on the Group's website.

3.1 Remuneration Consultants

In line with the Rewards strategy, Mercer Australia and Aon Australia were approved by the Remuneration Committee to provide market benchmarking as part of regular reviews for the Executive Team. The data will be considered as part of the upcoming remuneration review and reporting period, to ensure SunRice remains competitively positioned and able to attract and retain our Executive talent.

For the purposes of the Corporations Act it is noted that the consultants did not provide remuneration recommendations.

3.2 Corporate Governance

Further information on the Committee's responsibilities and the Group's governance practices can be found in our Corporate Governance Statement, as available in this annual report.

4. Executive Remuneration Policy and Framework

The Remuneration Strategy, as approved by the Board for the implementation of the FY19 reporting period, provided guidance and parameters for governing Executive remuneration.

The Board recognises that to deliver the Company's strategy for growth, the Group needs to attract, motivate and retain high-quality employees and Executives.

The Remuneration Framework outlined on the next page is designed to fit the objectives of the Group, having regard to the size and complexity of the Group's operations.

SunRice Business Strategic Goals – SunRice's Five-Year Strategy

Capitalise on global food trends and SunRice's distinct competitive advantages to grow the business and improve paddy prices for growers and increase returns for shareholders. SunRice aims to achieve this through:

- The premiumisation of the Riverina rice crop and expansion of Low GI and sushi varieties to meet demand in high value, high paying markets, such as Asia.
- Matching global food trends from our diversified product portfolio, especially in healthy eating and snacking.
- Cementing a sustainable and reliable global supply chain backed by SunRice's quality assurance standards.

Remuneration Framework for the FY19 reporting period

| Total Fixed Remuneration (TFR) | | Variable 'at risk' remuneration |
|---|--|--|
| Total Fixed Remuneration | Short Term Incentive (STI) | Long Term Incentive (LTI) |
| <p>Set at a competitive level to attract, retain and maintain engagement at all levels, with superior offerings for our key talents and employees considered critical to the long-term growth of the company.</p> <p>Remuneration takes into consideration:</p> <ul style="list-style-type: none"> ▪ Size and complexity of the role ▪ Skills and competencies needed to generate results ▪ Internal and external alignment ▪ Performance of the Company, and individual ▪ Succession planning and retention. <p>In some circumstances, the local economic and market conditions may require further refined market positioning.</p> | <p>Aligned to the achievement of SunRice's business objectives measured over the short term.</p> <p>Details of the Chief Executive Officer's plan is outlined in section 4.4.</p> <p>For participants in the Group STI Plan, financial and non-financial KPIs based on performance goals consist of:</p> <ul style="list-style-type: none"> ▪ Maximising net profit after tax across the Group and within each Business Unit or Subsidiary ▪ Business Unit/Subsidiary specific targets ▪ The achievement of Safety, Health and Environment targets ▪ Individual performance aligned with the performance management philosophy of measuring both the 'what' and 'how'. | <p>The Chief Executive Officer, Executives and key individuals are eligible to participate in LTI plans that are focused on the achievement of targets set by the Board over a three-year period.</p> <p>It is reflective of building long-term value for the organisation and shareholders.</p> |

Total Rewards Strategy

The Total Rewards Strategy supports the Business and People and Culture strategy to:

- Deliver on our Rewards Philosophy and Total Rewards Strategy whilst supporting the Group with achieving our SunRice strategic goals
- Build great foundations for leaders to have the knowledge, processes and tools to make informed rewards decisions
- Flex our strategic offer as required to the ever-changing workforce
- Consider opportunities for thought leadership whilst aligning the financial interests of executives and shareholders
- Ensure our strategy balances risk and reward to deliver ongoing company sustainability and growth
- At all times, embed our values, in "what" we do and "how" we do it.

The strategy is delivered across all aspects of our SunRice Total Rewards offer including:

- Remuneration;
- Incentives;
- Benefits;
- Health and Well-being;
- Recognition; and
- Career Paths.

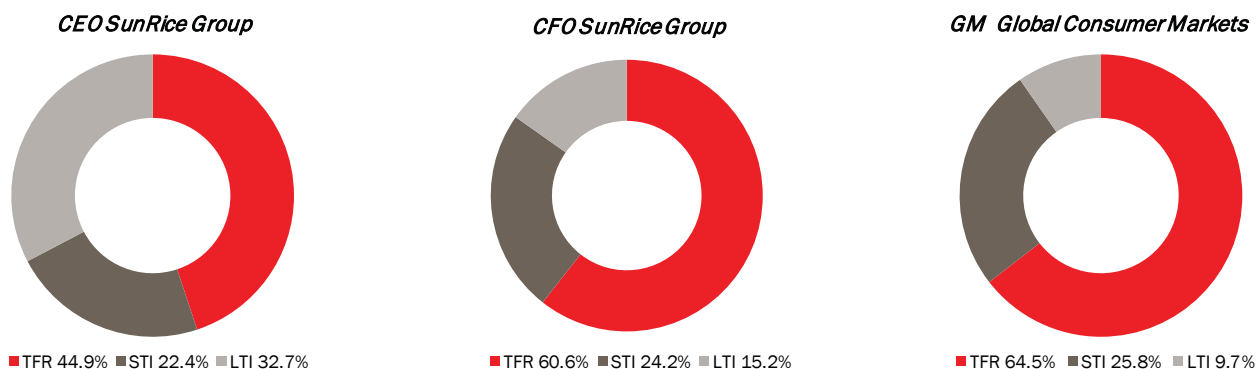
The Total Rewards offer aims to provide a competitive offer across all aspects of Total Rewards, inclusive of all life stages and accommodating of a diverse workforce.



4.1 Remuneration mix

The Board believes it is appropriate to have a Remuneration Framework that comprises a fixed salary component as well as an at-risk component comprising short and long-term incentives.

The Group's mix of fixed and "at risk" components for the KMP as at the end of the FY19 reporting period, expressed as a percentage of total target reward, are as follows:



With the finalisation of the CEO's FY19 to FY21 LTI Plan, the opportunity was taken to realign his remuneration with market practice and peers. This realignment led to a lift in LTI (from 25% to 32.7% of Total Package) in the "at risk" portion of the CEO's remuneration. Details of the CEO's LTI Plan are outlined in section 4.8.

4.2 Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes base salary, superannuation plus other short-term benefits and/or allowances.

Executives may elect to take a range of benefits as part of their remuneration package, including novated leased vehicle, additional superannuation or remote housing subsidy (where applicable).

The Group's remuneration policy is to offer competitive Total Fixed Remuneration and utilise 'at risk' variable pay to reward outstanding performance and contribution.

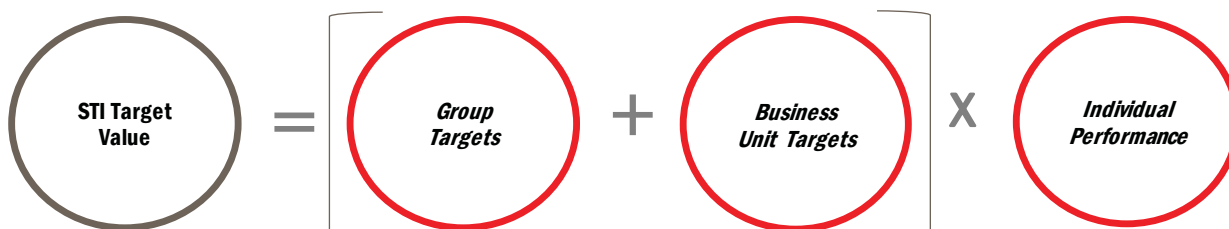
The remuneration offer for employees targeted as our "talent group" is at a more attractive position as part of the Total Rewards philosophy, including LTI and career development opportunities where appropriate nationally and/or internationally.

4.3 Short-Term Incentive (STI) plan

The STI component of remuneration is a cash plan focused on rewarding participants for the delivery of financial and non-financial measures required to achieve the Group's critical business objectives.

The Directors rigorously test the annual STI performance measures to ensure the performance required to achieve "on target" results is appropriately stretching. To provide even greater alignment with our Business Strategy, during this financial year the Directors approved changes to the metrics that determine the STI. Areas of focus include quality, conversion costs, Paddy Adjusted Gross Profit percentage as well as functional KPIs for corporate based business units.

The overall structure of the FY19 STI plan is illustrated below:



The Chief Executive Officer participates in a separate STI plan, the details of which are outlined at section 4.4.

Executive STI Plan

| Objectives | <ol style="list-style-type: none"> To support SunRice's annual strategic goals by rewarding Executives for the achievement of objectives directly linked to the business strategy. Drive short-term Company performance with acceptable risk and appropriate governance. Be market competitive, ensuring SunRice is able to compete to attract and retain high quality talent to continue to improve the Group's performance. | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|--|-----------|------------------|--------|---|---------|---|--|------------------------------------|---------|---|--|---|-----|--|---|--------------|-------------|--------------------------------------|--|---|---------|---|--|
| Eligibility | KMP (excluding the Chief Executive Officer), Executives and Leaders | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Instrument | Cash | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opportunity | <p>Target: 40% of TFR for Chief Financial Officer, and 40% of TFR for General Manager Global Consumer Markets, with a stretch component for outperformance applicable</p> <p>Target opportunity for other eligible employees varies based on job level.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance period | 1 May 2018 to 30 April 2019 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of performance | <p>Each period, KPIs are selected for both Group and business unit measures and sub-measures of performance. The weighting of KPIs reflects the individual Executive roles and responsibilities. KPIs are focused on the improvement in profit, maximisation of return to growers and strategic and operational goals.</p> <p>Executive KMP KPIs for 2018/19 were:</p> <table> <tr> <th></th><th>Weighting</th><th>Link to strategy</th><th>Detail</th></tr> <tr> <td>Adjusted Group Net Profit After Tax (NPAT)</td><td>40%–50%</td><td>Strong financial growth will lead to sustainable returns to shareholders.</td><td>Awarded on a straight-line performance approach between 95% of target (at which point 50% is awarded) and 120% of target (at which point stretch is applicable).</td></tr> <tr> <td>Business Unit specific KPIs</td><td>40%–50%</td><td>Strong financial and/or non-financial performance in each Business Unit leads to strong overall results and greater returns for shareholders.</td><td>Each Executive is set targets for their respective Business Unit and key drivers for success. Stretch is applicable.</td></tr> <tr> <td>Business Unit – Safety, Health & Environment (SHE)</td><td>10%</td><td>SunRice is committed to achieving Zero Harm. Achieving this goal is important in ensuring the sustainable success of our business.</td><td> <p>SHE targets for each Business Unit, measured by the decrease in Total Recordable Injury Frequency Rate as the lag indicator and an improvement of the Action Register Closure Rate as a lead indicator.</p> <p>Leaders also have leadership safety activities to proactively drive a safety focused culture.</p> <p>The completion of the safety activities impact the SHE payout for all participants. Stretch is applicable.</p> </td></tr> <tr> <td>Total</td><td>100%</td><td colspan="2">At target – excluding stretch</td></tr> <tr> <td>Individual Performance (as a Multiplier)</td><td>0%–150%</td><td>The continuous development of our leadership team is imperative to ensuring the Group continues to adapt to strategic challenges.</td><td> <p>Each Executive is set individual performance measures relating to their role as an individual contributor.</p> <p>The final performance rating correlates to a percentage of between 0% and 150% (100% equivalent to achieving performance).</p> <p>This percentage is then multiplied with the overall total potential 100% of adjusted Group NPAT, Business Unit KPIs and Safety KPIs to determine a final outcome.</p> </td></tr> </table> | | | | Weighting | Link to strategy | Detail | Adjusted Group Net Profit After Tax (NPAT) | 40%–50% | Strong financial growth will lead to sustainable returns to shareholders. | Awarded on a straight-line performance approach between 95% of target (at which point 50% is awarded) and 120% of target (at which point stretch is applicable). | Business Unit specific KPIs | 40%–50% | Strong financial and/or non-financial performance in each Business Unit leads to strong overall results and greater returns for shareholders. | Each Executive is set targets for their respective Business Unit and key drivers for success. Stretch is applicable. | Business Unit – Safety, Health & Environment (SHE) | 10% | SunRice is committed to achieving Zero Harm. Achieving this goal is important in ensuring the sustainable success of our business. | <p>SHE targets for each Business Unit, measured by the decrease in Total Recordable Injury Frequency Rate as the lag indicator and an improvement of the Action Register Closure Rate as a lead indicator.</p> <p>Leaders also have leadership safety activities to proactively drive a safety focused culture.</p> <p>The completion of the safety activities impact the SHE payout for all participants. Stretch is applicable.</p> | Total | 100% | At target – excluding stretch | | Individual Performance (as a Multiplier) | 0%–150% | The continuous development of our leadership team is imperative to ensuring the Group continues to adapt to strategic challenges. | <p>Each Executive is set individual performance measures relating to their role as an individual contributor.</p> <p>The final performance rating correlates to a percentage of between 0% and 150% (100% equivalent to achieving performance).</p> <p>This percentage is then multiplied with the overall total potential 100% of adjusted Group NPAT, Business Unit KPIs and Safety KPIs to determine a final outcome.</p> |
| | Weighting | Link to strategy | Detail | | | | | | | | | | | | | | | | | | | | | | | | |
| Adjusted Group Net Profit After Tax (NPAT) | 40%–50% | Strong financial growth will lead to sustainable returns to shareholders. | Awarded on a straight-line performance approach between 95% of target (at which point 50% is awarded) and 120% of target (at which point stretch is applicable). | | | | | | | | | | | | | | | | | | | | | | | | |
| Business Unit specific KPIs | 40%–50% | Strong financial and/or non-financial performance in each Business Unit leads to strong overall results and greater returns for shareholders. | Each Executive is set targets for their respective Business Unit and key drivers for success. Stretch is applicable. | | | | | | | | | | | | | | | | | | | | | | | | |
| Business Unit – Safety, Health & Environment (SHE) | 10% | SunRice is committed to achieving Zero Harm. Achieving this goal is important in ensuring the sustainable success of our business. | <p>SHE targets for each Business Unit, measured by the decrease in Total Recordable Injury Frequency Rate as the lag indicator and an improvement of the Action Register Closure Rate as a lead indicator.</p> <p>Leaders also have leadership safety activities to proactively drive a safety focused culture.</p> <p>The completion of the safety activities impact the SHE payout for all participants. Stretch is applicable.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 100% | At target – excluding stretch | | | | | | | | | | | | | | | | | | | | | | | | | |
| Individual Performance (as a Multiplier) | 0%–150% | The continuous development of our leadership team is imperative to ensuring the Group continues to adapt to strategic challenges. | <p>Each Executive is set individual performance measures relating to their role as an individual contributor.</p> <p>The final performance rating correlates to a percentage of between 0% and 150% (100% equivalent to achieving performance).</p> <p>This percentage is then multiplied with the overall total potential 100% of adjusted Group NPAT, Business Unit KPIs and Safety KPIs to determine a final outcome.</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment | The Remuneration Committee reviews and approves the performance assessment and STI payments for the Executives. | | | | | | | | | | | | | | | | | | | | | | | | | | |

DIRECTORS' REPORT CONTINUED

4.4 FY19 Chief Executive Officer STI Plan

The Chief Executive Officer participates in a cash settled STI plan.

The Chief Executive Officer's target STI opportunity is 50% of TFR and may increase to 150% of TFR where stretch performance outcomes for the year have been achieved.

The Remuneration Committee reviews and approves the Chief Executive Officer's annual performance assessment and STI payments at the end of the performance period.

Details of the Chief Executive Officer's KPIs, relative weighting and key achievements for FY19 are outlined below:

| Objective | Rationale link to strategy | STI measurement | Target Value \$ | Total Value Percentage | FY19 CEO STI Achievement Value \$ | FY19 CEO STI Achievement Percentage |
|--|---|---|-----------------|------------------------|-----------------------------------|-------------------------------------|
| #1 Maximise Grower Returns | Achieve the budgeted paddy price per tonne for shareholders | Paddy price per tonne | 168,888 | 25% | 337,775 | 200% |
| #2 Maximise Group Net Profit After Tax (NPAT) | Strong financial growth will lead to sustainable returns to shareholders | Group NPAT | 168,888 | 25% | 0 | 0% |
| #3 Ensure the Welfare and Safety of our People | Creating a safe workplace is essential to ensure sustainable business performance | Reduction in SunRice Group's Total Recordable Injury Frequency Rate (TRIFR) and Action Register Closure rates | 67,555 | 10% | 68,345 | 101% |
| #4 Successful development and achievement of Riverina priorities within the Group Strategy | Developing a robust proposal for improved irrigation and managing low rice crops to maximise Grower returns and profits | Various KPIs determined by the Board | 135,110 | 20% | 118,221 | 88% |
| #5 Successful delivery of the M&A agenda | Achieving successful acquisition, expansion and operational set up to deliver on growth agenda | Various KPIs determined by the Board | 135,110 | 20% | 135,110 | 100% |
| | | | 675,550 | 100% | 659,451 | 98% |

4.5 FY19 STI Outcomes

| KMP | Target STI opportunity \$ | As a % of TFR | STI Outcome \$ | % Achieved | % Forfeited |
|---|---------------------------|---------------|----------------|------------|-------------|
| Chief Executive Officer | \$675,550 | 50% | \$659,451 | 98% | 2% |
| Chief Financial Officer | \$260,000 | 40% | \$398,505 | 153% | - |
| General Manager - Global Consumer Markets | \$196,271 | 40% | \$222,340 | 113% | - |

4.6 Long-Term Incentive (LTI) plan

The LTI plan is an equity-based plan, whereby eligible participants are invited to accept share rights that will vest over a three-year term, subject to the achievement of performance hurdles and service criteria.

LTI plans are expected to be granted annually to reward superior performance and the achievement of long-term goals and encourage retention of critical key talent.

LTI components are consistent across all Executive plans.

Executive LTI Component

| | |
|----------------------------|---|
| Eligibility | Executives and other employees invited to participate. |
| Instrument | Equity. |
| Performance period | Three-year performance period commencing 1 May of the performance period with retesting opportunity available at the end of the performance period as determined by the Board. |
| Performance hurdles | The Board selected relevant performance measures to align with increased shareholder value and growers' interests applicable for each plan. B Class share rights will lapse if performance conditions are not met. |
| Vesting schedule | Performance is assessed over the three-year period and vests immediately following release of the audited financial results at the end of the performance period. |
| Termination | The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event of financial misstatements. B Class share rights will be forfeited on cessation of employment unless the Board determines otherwise. |

4.7 Details of Executive (and other eligible employees) LTI Plans

| | FY18-FY20 Executive (and other eligible employees) LTI | FY19-FY21 Executive (and other eligible employees) LTI |
|---|---|--|
| Quantum | Quantum is determined based on a target percentage of Total Fixed Remuneration, and the B Class share price applicable to the 2018 Grower Share Purchase Plan (\$3.92). Total plan participants (including KMP): 155,350 B Class share rights granted. Chief Financial Officer (KMP): not eligible General Manager Global Consumer Markets (KMP): 24,400 B Class share rights granted. | Quantum is determined based on a target percentage of Total Fixed Remuneration, and the B Class share price applicable on 1 May 2018, being the commencement of the performance period (\$3.99). Total plan participants (including KMP): 204,890 B Class share rights granted. Chief Financial Officer (KMP): 40,730 B Class share rights granted. General Manager Global Consumer Markets (KMP): 19,000 B Class share rights granted. |
| Grant date | 16 March 2018 | 1 October 2018 |
| Performance period | 1 May 2017 to 30 April 2020 | 1 May 2018 to 30 April 2021 |
| Fair Value of B Class share rights granted | The fair value of the B Class share rights at grant date was estimated by taking the market price of the company's B Class shares on that date (\$4.00) less the present value of expected dividends that will not be received by the participants on their B Class share rights during the three year vesting period, resulting in the fair value (for accounting purposes) of \$3.15. | The fair value of the B Class share rights at grant date was estimated by taking the market price of the company's B Class shares on that date (\$7.20) less the present value of expected dividends that will not be received by the participants on their B Class share rights during the three year vesting period, resulting in the fair value (for accounting purposes) of \$6.33. |
| KPIs included in Performance hurdles | 50% Financial measures: <ul style="list-style-type: none"> Total Net Profit Before Tax Return on Capital Employed (ROCE) 50% strategic measures determined in line with the Group's strategic initiatives and long-term objectives. | 50% Financial measures: <ul style="list-style-type: none"> Return on Capital Employed (ROCE) Maximising Grower Return over time. 50% strategic measures determined in line with the Group's strategic initiatives and long-term objectives. |
| Vesting schedule | Performance is assessed over the three-year period from 1 May 2017 to 30 April 2020 and vests immediately following release of the audited financial results for the FY20 financial year. | Performance is assessed over the three-year period from 1 May 2018 to 30 April 2021 and vests immediately following release of the audited financial results for the FY21 financial year. |
| Forecasted vesting | Based on the current status of the performance hurdles for the overall plan and participating KMP, it is anticipated that the LTI share rights will vest at 92%, resulting in an expected 8% forfeiture. | Based on the current status of the performance hurdles for the overall plan and participating KMP, it is anticipated that the LTI share rights will vest at 75%, resulting in an expected 25% forfeiture. |

4.8 FY19-FY21 Chief Executive Officer LTI Plan

In accordance with the Chief Executive Officer's employment contract, the Board invited the Chief Executive Officer to participate in the FY19-FY21 LTI in the form of B Class share rights.

Chief Executive Officer LTI Component

| | |
|---|---|
| Eligibility | Group Chief Executive Officer only. |
| Instrument | Equity. |
| Quantum | Quantum is determined based on a maximum incentive opportunity expressed as a percentage of Total Fixed Remuneration. As part of the realignment of the CEO's remuneration with market practice and peers (refer to 4.1), the target percentage was uplifted to 72.9% of the CEO's fixed remuneration on 1 May 2018. 507,932 B Class share rights were granted. During the year, the Board also issued 507,932 unallocated B Class shares to the Ricegrowers Employee Share Trust in anticipation of the expected B Class share requirements at the end of the performance period, assuming 100% of the B Class share rights will vest. Any B Class share rights that do not vest may be used for future allocations as required (the decision to apply this approach for the CEO was based on the large quantity of B Class shares that may vest at the end of the performance period, unlike the employee's plan, where the quantum was significantly less and likely to see increased forfeiture due to employees who may terminate prior to the B Class shares vesting). |
| Performance period | Three-year performance period from 1 May 2018 to 30 April 2021. |
| Grant date | 11 January 2019. |
| Fair Value of B Class share rights granted | The fair value of the B Class share rights at grant date was estimated by taking the market price of the Company's B Class shares on that date (\$5.70) less the present value of expected dividends that will not be received by the Chief Executive Officer on his B Class share rights during the three-year vesting period, resulting in the fair value (for accounting purposes) of \$4.83. |
| Vesting schedule | Performance is assessed over the three-year period from 1 May 2018 to 30 April 2021 and vests with the release of the audited financial results for the FY21 financial year. |
| Termination | The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's accounts. B Class share rights will be forfeited on cessation of employment unless the Board determines otherwise. |
| Performance hurdles | The Board has selected the following performance measures to ensure that the Chief Executive Officer's remuneration is aligned with increased shareholder value and growers' interests: <ul style="list-style-type: none"> • 40% Achievement of the progress on the five-year strategic plan from 2017 to 2022. • 15% Realised Adjusted Earnings Per Share (EPS) growth • 15% Maximise Grower Return over time to achieve budgeted price per tonne • 10% Strategic Growth – measured by the refresh of the SunRice Group's strategic direction post 2022 • 20% People and Culture - KPIs include culture and Executive development and succession planning B Class share rights will lapse if performance conditions are not met. |
| Forecasted vesting | Based on the current status of the performance hurdles, it is anticipated that the LTI B Class share rights will vest at 100%. 0% forfeiture is anticipated at present. |

DIRECTORS' REPORT CONTINUED

4.9 Employee Share Scheme (ESS) (myShare Plan)

Following the Board's approval in September 2017, the following offers under the Employee Share Scheme (ESS) to eligible employees who are Australian Tax Residents have been made:

Employee Share Scheme (ESS)

| | | |
|----------------------|---|---|
| Instrument | The plan operates by way of either an after-tax employee payroll contribution with a company matching arrangement for either \$500 or \$1,000, and /or employees having the option to salary sacrifice between \$1,000 and \$5,000 (in specified increments), to purchase B Class shares from their pre-tax salary. In the March 2018 offer, employees were also given the option to purchase B Class shares by salary sacrificing from any short-term incentive payable. A \$7,000 limit per employee applies including the company matching portion. | |
| Offer | March 2018 Offer | September 2018 Offer |
| Grant Date | 26 March 2018 | 24 September 2018 |
| Issue Price | \$4.05, based on the Volume Weighted Average Price of B Class shares traded on the NSX over the last five days on which B Class shares were traded prior to 27 February 2018. Due to the matching offer in the plan, no discount was applied. | \$5.82, based on the Volume Weighted Average Price of B Class shares traded on the NSX over the last five days on which B Class shares were traded prior to 28 June 2018. Due to the matching offer in the plan, no discount was applied. |
| Shares issued | 255,604 B Class shares including the following B Class shares for KMP who elected to participate in the ESS: 1,726 B Class shares issued to the Chief Executive Officer, 1,726 B Class shares issued to the Chief Financial Officer and 1,726 B Class shares issued to the General Manager - Global Consumer Markets. This also included 48,954 B Class shares issued under the matching arrangement of the plan, of which: 246 were issued to the Chief Executive Officer, 246 were issued to the Chief Financial Officer and 246 were issued to the General Manager - Global Consumer Markets. | 136,418 B Class shares including the following B Class shares for KMP who elected to participate in the ESS: 1,201 B Class shares issued to the Chief Executive Officer, 1,201 B Class shares issued to the Chief Financial Officer and 1,201 B Class shares issued to the General Manager - Global Consumer Markets. This also included 33,337 B Class shares issued under the matching arrangement of the plan, of which: 171 were issued to the Chief Executive Officer, 171 were issued to the Chief Financial Officer and 171 were issued to the General Manager - Global Consumer Markets. |

5. Remuneration tables

| Name | Short term benefits | | | Post-employment benefits | Termination Benefits | Long term benefits | | | Total Paid and Payable | Performance related |
|-------------|----------------------|----------------|---------------------------|--------------------------|----------------------|--------------------------|------------------------------|-----------|------------------------|---------------------|
| | Cash Salary and Fees | Cash Bonus (2) | Non-Monetary Benefits (1) | | | Share-based Payments (2) | Other Long-term Benefits (2) | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| R Gordon | | | | | | | | | | |
| 2019 | 1,329,650 | 659,451 | 9,223 | 21,450 | - | 818,766 | - | 2,838,540 | 52% | |
| 2018 | 1,280,164 | 913,791 | 8,987 | 25,246 | - | 400,996 | 561,289 | 3,190,473 | 59% | |
| D Courtelis | | | | | | | | | | |
| 2019 | 629,549 | 398,505 | 9,223 | 20,451 | - | 65,450 | - | 1,123,178 | 41% | |
| 2018 | 154,386 | - | 665 | 3,342 | - | 996 | - | 159,389 | 1% | |
| D Keldie | | | | | | | | | | |
| 2019 | 470,227 | 222,340 | 9,223 | 20,451 | - | 52,584 | - | 774,825 | 35% | |
| 2018 | 478,834 | 228,536 | 8,987 | 25,360 | - | 26,612 | - | 768,329 | 33% | |

DIRECTORS' REPORT CONTINUED

| Name | Short term benefits | | | Post-employment benefits | Long term benefits | | | Total Paid and Payable | Performance related |
|--------------------------|--|------------|---------------------------|--------------------------|----------------------|--------------------------|------------------------------|------------------------|---------------------|
| | Cash Salary and Fees | Cash Bonus | Non-Monetary Benefits (1) | Super-annuation | Termination Benefits | Share-based Payments (2) | Other Long-term Benefits (2) | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Former Executives | | | | | | | | | |
| J Brennan | | | | | | | | | |
| 2019 | - | - | - | - | - | - | - | - | - |
| 2018 | 285,805 | - | 5,294 | 18,033 | 303,400 | - | - | 612,532 | - |
| 1. | Non-monetary benefits include benefits such as car parking and fringe benefits tax. In some cases, these are at the election of the Executives (salary sacrifice). | | | | | | | | |
| 2. | Cash bonus, Share based payments and other long term benefits are impacted by performance. | | | | | | | | |

6. Remuneration of Non-executive Directors

The Board sets Non-executive Director remuneration at a level that enables the attraction and retention of Directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

The remuneration of the Non-executive Directors is determined by the Board on recommendation from the Remuneration and Nomination Committee within a maximum fee pool.

Non-executive Directors receive a base fee and statutory superannuation contributions. Non-executive Directors do not receive any performance based pay.

6.1 Non-executive Director (NEDs) Remuneration Fees

In setting remuneration, the Remuneration Committee undertakes an annual process to ensure:

- Remuneration is reflective of the market and historically has taken into consideration comparator companies and peers within the agribusiness and rural sector; and
- Financial interests of non-executive Directors and shareholders are aligned.

6.2 Fee pool

The maximum amount of fees that can be paid to Non-executive Directors is capped by a pool approved by shareholders.

At the 2013 Annual General Meeting, shareholders approved the current fee pool of \$1,100,000 per annum. It is intended that an increase to the fee pool will be put to A Class shareholders at the 2019 Annual General Meeting.

The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration and excluding payments made by Trukai Industries Limited which are excluded from the pool) was \$1,034,726 (utilising 94.1% of the total fee pool).

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

6.3 Directors FY19 fee structure

The Directors' fees (excluding superannuation) for FY19 are set out in the table below.

| | Chair fee \$ | Member fee \$ |
|---|--------------|---------------|
| Board | 176,143 | 75,481 |
| Finance, Risk and Audit Committee | 15,772 | 7,886 |
| Remuneration Committee | 12,785 | 7,306 |
| Grower Services Committee | 7,886 | 3,944 |
| Safety Health and Environment Committee | 7,886 | 3,944 |
| Nomination Committee | - | - |

Non-executive Directors of SunRice Group 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. The Chairman is entitled to an annualised fee of \$8,315 (PGK 25,000) and the Member an annualised fee of \$6,022 (PGK 20,000).

DIRECTORS' REPORT CONTINUED

6.4 Non-executive Director Statutory Remuneration

The table below outlines the aggregate of all Directors' fees received by a Director in respect of SunRice Group and any of its subsidiaries (including Trukai Industries Limited).

| Current Directors | Short term benefits | | Post-employment benefits | Total |
|-------------------------|----------------------|---|--------------------------|---------|
| | Cash Salary and Fees | Cash Salary and Fees Other Controlled Entities | Superannuation | |
| | \$ | \$ | \$ | \$ |
| LJ Arthur | | | | |
| 2019 | 176,143 | - | 16,734 | 192,877 |
| 2018 | 171,847 | - | 16,325 | 188,172 |
| L Catanzaro | | | | |
| 2019 | 59,182 | - | 5,622 | 64,804 |
| 2018 | - | - | - | - |
| A Crane | | | | |
| 2019 | 48,860 | - | 4,642 | 53,502 |
| 2018 | - | - | - | - |
| I Mason | | | | |
| 2019 | 88,625 | - | 8,419 | 97,044 |
| 2018 | 32,306 | - | 3,069 | 35,375 |
| GA Andreazza | | | | |
| 2019 | 87,310 | - | 8,294 | 95,604 |
| 2018 | 87,745 | - | 8,336 | 96,081 |
| GL Kirkup | | | | |
| 2019 | 90,672 | - | 8,614 | 99,286 |
| 2018 | 87,745 | - | 8,336 | 96,081 |
| DM Robertson (1) | | | | |
| 2019 | 85,609 | 7,492 | 8,133 | 101,234 |
| 2018 | 78,769 | 7,318 | 7,483 | 93,570 |
| JM Bradford (1) | | | | |
| 2019 | 83,367 | 6,845 | 7,920 | 98,132 |
| 2018 | 78,769 | 5,961 | 7,483 | 92,213 |
| LK Vial | | | | |
| 2019 | 91,254 | - | 8,669 | 99,923 |
| 2018 | 86,463 | - | 8,214 | 94,677 |
| I Glasson | | | | |
| 2019 | 96,152 | - | 9,134 | 105,286 |
| 2018 | 90,310 | - | 8,579 | 98,889 |
| Former Directors | | | | |
| GF Latta AM (2) | | | | |
| 2019 | 37,781 | - | 3,589 | 41,370 |
| 2018 | 95,439 | - | 9,067 | 104,506 |
| NG Graham | | | | |
| 2019 | - | - | - | - |
| 2018 | 50,716 | - | 4,818 | 55,534 |

1. Fees paid to Directors of Trukai Industries Limited reflect pro-rated time as Chairman and Member of the Board

2. GF Latta also received a Retirement Benefit of \$132,138 based on a historical Directors Retirement Benefit Scheme that was terminated following shareholder approval at the Annual General Meeting held on 27 August 2010.

7. Shareholdings and other mandatory disclosures

Service Agreements

The remuneration arrangements for the SunRice Chief Executive Officer and the Executives are formalised in Service Agreements, as set out below:

| Name and Role | Term of Agreement | Notice Periods |
|---|---|----------------|
| R Gordon, SunRice Chief Executive Officer | Rolling contract with no fixed end date | 6 months |
| D Courtelis, Chief Financial Officer | Rolling contract with no fixed end date | 6 months |
| D Keldie, General Manager – Global Consumer Markets | Rolling contract with no fixed end date | 3 months |

The Chief Executive Officer's ongoing contract was issued dated 8 September 2016 with a termination period of six months if initiated by the Chief Executive Officer. The employment contract is capable of termination by the Company on 12 months' written notice.

Share holdings

During the previous reporting period (2017/18), the Board approved for non-executive Independent Directors to participate in share ownership under the ESS offer in March 2018.

Each non-executive Independent Director is encouraged to have control over B Class shares in the Company that are worth at least the equivalent of one year's fixed remuneration. This guideline is expected to be met over a reasonable period (approximately five years).

The invitation allowed non-executive Independent Directors to apply after-tax funds to the acquisition of the Company's B Class shares with a three-year disposal restriction period at the prevailing share price of \$4.05 aligned to the March 2018 ESS offer.

The maximum of 20,000 B Class shares was applicable for non-executive Independent Directors. This offer to non-executive Independent Directors was excluded from the September 2018 ESS offer

Directors' and other KMP Interests in A and B Class shares of SunRice Group

| Director | Held at 30 April 2019 | | Net change in period | Held at 1 May 2018 | |
|--------------|-----------------------|----------------|----------------------|--------------------|----------------|
| | A Class Shares | B Class Shares | | A Class Shares | B Class Shares |
| LJ Arthur | 1 | 254,662 | 18,844 | 1 | 235,818 |
| I Mason | 1 | 143,073 | 1,363 | 1 | 141,710 |
| GA Andreazza | 1 | 84,525 | 2,742 | 1 | 81,783 |
| GL Kirkup | 1 | 73,457 | 4,013 | 1 | 69,444 |
| DM Robertson | 1 | 227,725 | - | 1 | 227,725 |
| LK Vial | 1 | 119,028 | 8,027 | 2 | 111,000 |
| JM Bradford | 1 | 33,236 | 1,815 | 1 | 31,421 |
| L Catanzaro | - | - | - | - | - |
| A Crane | - | - | - | - | - |
| I Glasson | - | 21,155 | 21,155 | - | - |
| R Gordon | - | 108,806 | 107,080 | - | 1,726 |

| Former Director | Held at 30 April 2019 | | Net change in period | Held at 1 May 2018 | |
|-----------------|-----------------------|----------------|----------------------|--------------------|----------------|
| | A Class Shares | B Class Shares | | A Class Shares | B Class Shares |
| GF Latta AM | - | 31,562 | 1,724 | - | 29,838 |

| Other Key Management Personnel | 2019 B Class Shares | 2018 B Class Shares |
|--------------------------------|---------------------|---------------------|
| | | |
| D Keldie | 19,845 | 17,720 |
| D Courtelis | 3,026 | 1,726 |

DIRECTORS' REPORT CONTINUED

The aggregate number of B Class shares held by current Directors of SunRice Group, their related entities and other Key Management Personnel at balance date were:

| Issuing entity | 2019 | 2018 |
|---------------------|-----------|---------|
| Ricegrowers Limited | 1,088,538 | 949,911 |

Details of B Class shares issued to Directors and their related entities pursuant to the Grower Share Purchase Plan (GSPP)

Details of B Class Shares issued to Directors and their related entities pursuant to the GSPP are detailed below.

| Related party name | Nature of relationship | B Class shares issued pursuant to GSPP |
|--|--|--|
| Mr Lawrence John Arthur | Chairman and Director | 5,216 |
| Andrew Arthur and Amy Lolicato | Andrew Arthur is the son of a Director (Laurie Arthur) | 819 |
| John Neil Arthur | Director's son (Laurie Arthur) | 482 |
| GA & JA Andreazza Enterprises Pty Limited (trustee of the GA and JA Andreazza Family Trust) trading as GJA Farming | Director's company (Glen Andreazza) | 2,742 |
| Daniel Paul Andreazza | Director's son (Glen Andreazza) | 318 |
| DJ Mason & IR Mason & PD Mason trading as DJ Mason & Sons | Director, Director's mother and Director's brother (Ian Mason) | 1,363 |
| North Dale Pty Ltd | Director's company (Leigh Vial) | 1,613 |

Movement in B Class share rights held during the reporting period

Details of the movement in B Class share rights in the Company, during the reporting period for each Executive KMP are detailed below.

| Movement in B Class share rights during FY19 | Balance at the start of the year | | Vested | | Forfeited | | Balance at the end of the year | |
|--|----------------------------------|-------------------------|---------|-----|-----------|---|--------------------------------|----------|
| | Unvested | Granted as remuneration | Number | % | Number | % | Other Changes | Unvested |
| R Gordon | 100,000 | 507,932 | 100,000 | 100 | - | - | - | 507,932 |
| D Courtelis | - | 40,730 | - | - | - | - | - | 40,730 |
| D Keldie | 24,400 | 19,000 | - | - | - | - | - | 43,400 |

Number and Value of B Class share rights granted, vested and forfeited under the LTI awards

Details of the B Class share rights granted as remuneration and held, and vesting profile as at 30 April 2019 for each Executive KMP is presented in the table below. B Class share rights are granted for nil consideration (i.e. zero exercise price) and vest following performance testing.

| Current Executive KMP | Plan | Balance at the start of the year | | | Vested in FY19 | | | | |
|-----------------------|------|----------------------------------|------------|-------------------------------|---|-------------------------------------|------------------------|---------------------------|-----------------------------------|
| | | Number of B Class share rights | Grant Date | Fair value at grant date (\$) | Financial year in which B Class share rights may vest | Maximum fair value yet to vest (\$) | Vested in the year (%) | Forfeited in the year (%) | Number of ordinary B Class shares |
| R Gordon | FY16 | 100,000 | 22-Mar-18 | 4.00 | FY18 | - | 100 | - | 100,000 |
| | FY19 | 507,932 | 11-Jan-19 | 4.83 | FY21 | 1,635,541 | - | - | - |
| D Courtelis | FY19 | 40,730 | 1-Oct-18 | 6.33 | FY21 | 193,366 | - | - | - |
| D Keldie | FY18 | 24,400 | 16-Mar-18 | 3.15 | FY20 | 29,719 | - | - | - |
| | FY19 | 19,000 | 1-Oct-18 | 6.33 | FY21 | 90,203 | - | - | - |

DIRECTORS' REPORT CONTINUED

Transactions with Directors and other Key Management Personnel

| Transaction type and class of other party | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Purchases of rice from Directors | 728 | 8,665 |
| Sale of inputs to Directors | 13 | 148 |
| Sale of stockfeed to Directors | 66 | 43 |
| Consulting fees paid to Directors prior to their appointment | 49 | - |

There were no transactions or loans provided to other KMP or their related parties as at the date of this report.

Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

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

It is noted that at the 2018 AGM held on 20 September 2018, of the votes cast, the Company received 91.65% 'for' vote on the Remuneration Report. Consequently, no additional disclosures have been triggered.

16. Insurance of officers and indemnities

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 2001.

In accordance with the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions included in the insurance contract.

17. Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

18. Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services provided during the financial year are set out in note 38 to the financial statements.

The board of directors has considered the position and, in accordance with advice received from the Finance, Risk and Audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in note 38 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Finance, Risk and Audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

19. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 49.

20. Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report.

Amounts in the Directors' report have been rounded off in accordance with the instrument 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



R Gordon
Director

27 June 2019

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2019, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink that reads 'P.J. Carney'.

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
27 June 2019

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

The following financial statements are consolidated financial statements for the Group consisting of Ricegrowers Limited and its subsidiaries. A list of subsidiaries is included in note 29.

The financial statements are presented in the 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
57 Yanco Avenue
LEETON NSW 2705

A description of the nature of the Group's operations and its principal activities is included within the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 27 June 2019.

The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investors' Centre on our website:
<https://investors.sunrice.com.au/Investors>

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2019

| | Note | 2019 \$000's | 2018 \$000's |
|---|------|------------------|------------------|
| Sales revenue | 6 | 1,189,545 | 1,173,986 |
| Other revenue | 6 | 3,518 | 3,300 |
| Revenue from continuing operations | | 1,193,063 | 1,177,286 |
| Other income | 7 | 1,750 | 6,613 |
| Impairment of assets | | (288) | (954) |
| Changes in inventories of finished goods | | 12,658 | 11,069 |
| Raw materials and consumables used | | (736,296) | (710,691) |
| Freight and distribution expenses | | (110,182) | (117,143) |
| Employee benefits expenses | | (143,506) | (140,263) |
| Depreciation and amortisation expenses | 8 | (21,681) | (20,922) |
| Finance costs | | (8,805) | (9,684) |
| Other expenses | 8 | (139,570) | (132,249) |
| Share of net profit / (loss) of associate accounted for using the equity method | 14 | 1,268 | (200) |
| Profit before income tax | | 48,411 | 62,862 |
| Income tax expense | 9 | (15,644) | (17,741) |
| Profit for the year | | 32,767 | 45,121 |
| Profit for the year is attributable to: | | | |
| Ricegrowers Limited shareholders | 25 | 31,498 | 42,695 |
| Non-controlling interests | | 1,269 | 2,426 |
| | | 32,767 | 45,121 |
| Earnings per share for profit attributable to B Class Shareholders | | | |
| Basic and diluted earnings (cents per B Class share) | 32 | 54.5 | 75.9 |

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2019

| | Note | 2019 \$000's | 2018 \$000's |
|--|------|-----------------|-----------------|
| Profit for the year | | 32,767 | 45,121 |
| Items that may be reclassified to profit or loss | | | |
| Changes in fair value of cash flow hedges | 25 | 1,492 | (663) |
| Exchange differences on translation of foreign operations | 25 | 5,158 | (1,252) |
| Income tax relating to items of other comprehensive income | 25 | (377) | 199 |
| Other comprehensive income for the year, net of tax | | 6,273 | (1,716) |
| Total comprehensive income for the year | | 39,040 | 43,405 |
| Total comprehensive income for the year is attributable to: | | | |
| Ricegrowers Limited shareholders | | 37,031 | 41,582 |
| Non-controlling interests | | 2,009 | 1,823 |
| | | 39,040 | 43,405 |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2019

| | Note | 2019 \$000's | 2018 \$000's |
|---|------|-----------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 10 | 22,441 | 122,902 |
| Receivables | 11 | 168,251 | 151,157 |
| Inventories | 12 | 361,392 | 506,793 |
| Current tax receivable | | 1,981 | 3,239 |
| Derivative financial instruments | 13 | 1,370 | 761 |
| Total current assets | | 555,435 | 784,852 |
| Non-current assets | | | |
| Other financial assets | | 37 | 43 |
| Property, plant and equipment | 15 | 239,677 | 217,712 |
| Investment properties | 17 | 2,900 | 1,150 |
| Intangibles | 16 | 14,145 | 9,024 |
| Deferred tax assets | 18 | 14,872 | 19,882 |
| Investments accounted for using the equity method | 14 | 2,821 | 1,497 |
| Total non-current assets | | 274,452 | 249,308 |
| Total assets | | 829,887 | 1,034,160 |
| Current liabilities | | | |
| Payables | 19 | 134,064 | 129,091 |
| Amounts payable to Riverina Rice Growers | 19 | 66,220 | 248,315 |
| Borrowings | 20 | 39,465 | 86,192 |
| Current tax liabilities | | 5,719 | 1,122 |
| Provisions | 21 | 22,507 | 22,747 |
| Derivative financial instruments | 13 | 899 | 1,887 |
| Total current liabilities | | 268,874 | 489,354 |
| Non current liabilities | | | |
| Payables | 19 | 1,707 | 1,588 |
| Amounts payable to Riverina Rice Growers | 19 | - | 25,874 |
| Borrowings | 20 | 92,529 | 79,204 |
| Provisions | 21 | 3,873 | 4,007 |
| Total non-current liabilities | | 98,109 | 110,673 |
| Total liabilities | | 366,983 | 600,027 |
| Net assets | | 462,904 | 434,133 |
| Equity | | | |
| Contributed equity | 24 | 122,852 | 111,855 |
| Reserves | 25 | 7,355 | 3,978 |
| Retained profits | 25 | 306,643 | 293,925 |
| Capital & resources attributable to Ricegrowers Limited shareholders | | 436,850 | 409,758 |
| Non-controlling interests | | 26,054 | 24,375 |
| Total equity | | 462,904 | 434,133 |

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 2019

| | Note | Attributable to Ricegrowers Limited shareholders | | | | Non-controlling interests \$000's | Total Equity \$000's |
|---|------|--|----------|------------------|----------|--------------------------------------|-------------------------|
| | | Contributed equity | Reserves | Retained Profits | Total | | |
| | | \$000's | \$000's | \$000's | \$000's | | |
| Balance as at 1 May 2017 | | 107,819 | 4,641 | 269,632 | 382,092 | 22,783 | 404,875 |
| Profit for the year | | - | - | 42,695 | 42,695 | 2,426 | 45,121 |
| Other comprehensive income | | - | (1,113) | - | (1,113) | (603) | (1,716) |
| Total comprehensive income for the year | | - | (1,113) | 42,695 | 41,582 | 1,823 | 43,405 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contribution of equity, net of transaction costs | 24 | 3,725 | - | - | 3,725 | - | 3,725 |
| Share-based payments - issue of shares to employees | 25 | 198 | (198) | - | - | - | - |
| Share-based payments - value of employee services | 25 | - | 761 | - | 761 | - | 761 |
| Issue of treasury shares | 24 | 113 | (113) | - | - | - | - |
| Dividends distributed | 26 | - | - | (18,402) | (18,402) | (231) | (18,633) |
| | | 4,036 | 450 | (18,402) | (13,916) | (231) | (14,147) |
| Balance as at 30 April 2018 | | 111,855 | 3,978 | 293,925 | 409,758 | 24,375 | 434,133 |
| Balance as at 1 May 2018 | | 111,855 | 3,978 | 293,925 | 409,758 | 24,375 | 434,133 |
| Profit for the year | | - | - | 31,498 | 31,498 | 1,269 | 32,767 |
| Other comprehensive income | | - | 5,533 | - | 5,533 | 740 | 6,273 |
| Total comprehensive income for the year | | - | 5,533 | 31,498 | 37,031 | 2,009 | 39,040 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Contribution of equity, net of transaction costs | 24 | 7,455 | - | - | 7,455 | - | 7,455 |
| Share-based payments - issue of shares to employees | 25 | 586 | (586) | - | - | - | - |
| Share-based payments - value of employee services | 25 | - | 1,273 | - | 1,273 | - | 1,273 |
| Issue of treasury shares | 24 | 2,956 | (2,956) | - | - | - | - |
| Allocation of treasury shares to employees | 24 | - | 113 | - | 113 | - | 113 |
| Dividends distributed | 26 | - | - | (18,780) | (18,780) | (330) | (19,110) |
| | | 10,997 | (2,156) | (18,780) | (9,939) | (330) | (10,269) |
| Balance as at 30 April 2019 | | 122,852 | 7,355 | 306,643 | 436,850 | 26,054 | 462,904 |

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 2019

| | Note | 2019 \$000's | 2018 \$000's |
|--|------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of goods and services tax) | | 1,219,830 | 1,194,488 |
| Payments to suppliers (inclusive of goods and services tax) | | (805,844) | (721,832) |
| Payments to Riverina Rice Growers | | (266,784) | (236,427) |
| Payments of wages, salaries and on-costs | | (142,709) | (133,674) |
| Interest received | | 421 | 359 |
| Interest paid | | (8,627) | (9,292) |
| Income taxes paid | | (5,392) | (13,167) |
| Net cash (outflow) / inflow from operating activities | 31 | (9,105) | 80,455 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment and intangible assets | | (40,809) | (21,725) |
| Proceeds from sale of property, plant and equipment | | 123 | 252 |
| Payment for acquisition of business | 36 | (5,855) | - |
| Net cash outflow from investing activities | | (46,541) | (21,473) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 356,680 | 276,793 |
| Repayment of borrowings | | (402,450) | (246,627) |
| Repayment of finance leases | | (188) | (701) |
| Proceeds from issue of shares | | 686 | 939 |
| Dividends paid to Non Controlling Interests | | (330) | (231) |
| Dividends paid to company's shareholders | | (13,357) | (16,340) |
| Net cash (outflow) / inflow from financing activities | | (58,959) | 13,833 |
| Net (decrease) / increase in cash and cash equivalents | | (114,605) | 72,815 |
| Cash and cash equivalents at the beginning of the financial year | | 122,902 | 49,880 |
| Effect of exchange rate changes on cash and cash equivalents | | 2,143 | 207 |
| Cash and cash equivalents at end of year | 10 | 10,440 | 122,902 |

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements include the consolidated entity consisting of Ricegrowers Limited and its controlled entities.

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 also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment property which are measured at fair value.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 May 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*
- AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers to Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*
- Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

There was no material impact from the adoption of these standards and amendments, which did not require retrospective adjustments for prior periods and are not expected to significantly affect the current or future reporting periods.

Updated accounting policies applied from 1 May 2018 as a result of the introduction of these standards and amendments are disclosed in note 1(e), 1(k), 1(n) and 1(o).

New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 April 2019 reporting period and have not been early adopted by the Group.

The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 Leases (effective from 1 May 2019 as a replacement for AASB 117 Leases)

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees such as the SunRice Group to account for all leases under a single on-balance sheet model similar to the current accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers or printing and photocopying machines) and short-term leases (i.e., leases with a lease term of 12 months or less), which will continue to be recognised on a straight-line basis as an expense in the consolidated income statement.

At the commencement date of a lease, the Group will need to recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). From transition date, instead of operating lease expenditure, the Group will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset within the consolidated income statement. The Group will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The Group will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group will apply the standard from its mandatory adoption date of 1 May 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The Group will also elect to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

At 30 April 2019, the Group has non-cancellable operating lease commitments of \$19,338,000, see note 28(b). At this stage, the Group continues to work through the estimated impact in relation to the right-of-use assets and lease liabilities based upon the available transition options. The transition options include either (i) measuring the right-of-use assets as if the new rules had always been applied, or (ii) measuring it at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). On that basis, the Group cannot currently disclose the impact on net assets, cash flows and the individual line items within the consolidated income statement, but expects the majority of its operating leases to be recorded on balance sheet. The Group expects to fully report and quantify the impacts of adoption of AASB 16 in the half year ending 31 October 2019

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

b. Principles of consolidation and equity accounting

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.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, 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 other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss or gain of control as transactions with equity owners of Ricegrowers Limited.

A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c. 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.

d. Foreign currency translation

Functional and presentation currency

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 dollar (\$), which is Ricegrowers Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income and presented in a foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e. Revenue and other income recognition

Sale of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to on-sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Goods are often sold with discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A refund liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Grain storage

Revenue from the provision of grain storage and other services is recognised in the accounting period in which the services are performed.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in other income.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are presented in the consolidated balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Dividends

Dividends are received from financial assets measured at fair value through profit or loss.

Dividends are recognised as other income when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

f. Income tax

The income tax expense 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 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 and its subsidiaries operate and generate taxable income.

The Group 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 income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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.

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.

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.

Investment allowances and similar incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances).

The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

g. Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. 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 consolidated 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 if there is no reasonable certainty that the Group will obtain ownership at the end of 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. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised as other revenue on a straight-line basis over the lease term.

h. Business Combinations

The acquisition 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 comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interest issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

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.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs in business combinations are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

i. 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.

j. Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

k. Trade receivables and payables

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days from the date of recognition and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 3(b).

Classification as trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

l. Amounts payable to Riverina rice growers

Amounts payable to Riverina rice growers comprise the balance of pool payments owed to growers. They also comprise the next financial year's pool payments where paddy rice for next year's pool is received before the end of the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Amounts payable to Riverina rice growers 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. Inventory

Raw materials, finished goods, packaging materials and consumables stores 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 but excludes borrowing 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.

Raw materials, finished goods, consumable stores and packaging materials inventory are determined from a combination of weighted average purchase price and standard costs and after deducting rebates and discounts.

n. Investments and other financial assets

Classification

From 1 May 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Standard purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in the following measurement categories:

- *Amortised cost:* Assets that are held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/expenses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated income statement.
- *FVPL:* Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income/expenses in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other income/expenses in the consolidated income statement as applicable.

Impairment

From 1 May 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Accounting policies applied until 30 April 2018

The Group has applied AASB 9 retrospectively, but has elected not to restate the comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

Until 30 April 2018, the Group classified its financial assets in the following categories:

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

The classification depended on the purpose for which the investments were acquired and the Group determined the classification of its investments at initial recognition.

Reclassification

The Group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the available-for-sale category if the Group had the intention and ability to hold these financial assets for the foreseeable future at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Measurement

At initial recognition, the Group measured a financial asset at its fair value plus transaction costs that were directly attributable to the acquisition of the financial asset.

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

Available-for-sale financial assets were subsequently carried at fair value except when the fair value could not be measured reliably. They were then carried at amortised cost less impairment.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired.

A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

o. Derivatives and hedging activities

Derivatives, principally interest rate swap contracts and forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group also documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Trading derivatives are classified as a current asset or liability

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/expenses.

When forward contracts are used to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (inventory or fixed assets), both the deferred hedging gains and losses and the deferred time value of the deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through the use of inventory or depreciation of fixed assets).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory or fixed assets. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

p. 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 other expenses.

q. Property, plant and equipment

Freehold land is held at cost and is not depreciated.

In some countries, the Group also holds land use rights. These rights are stated at historical cost less depreciation and are depreciated over the period of time that they have been granted by the local authorities using the straight line method.

Property, plant and equipment, other than freehold land and land use rights, are stated at historical cost less depreciation and are depreciated over their estimated useful lives using the straight line method.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The expected useful lives are as follows:

| | |
|------------------------|--|
| Buildings | 25 to 50 years |
| Leasehold improvements | Shorter of 7 to 15 years or lease term |
| Plant and equipment | 3 to 20 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income or other expenses within the consolidated income statement.

r. Intangible assets

Goodwill

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 identifiable net 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.

Acquired patents and brands

Separately acquired patents and brands are shown at historical cost.

Patents and brands acquired in a business combination are recognised at fair value at the acquisition date.

All patents and brands have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Capitalised software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation methods and periods

Intangible assets are amortised on a straight line basis over the periods of their expected benefit:

| | |
|-----------------------------|---------------|
| Acquired patents and brands | 5 to 20 years |
| Capitalised software | 3 years |

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.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

s. 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 consolidated 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. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

t. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

u. 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 reliably be estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and any change in the underlying provision amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

v. Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the consolidated balance sheet (within provisions).

Long term obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies 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 (within provisions) in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Superannuation plan contributions

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

Incentive plans

The Group recognises a liability and an expense for short and long term cash incentives based on a formula that takes into consideration financial performance metrics for the Group as well as the eligible employees' personal performance indicators.

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan)

The fair value of B Class share rights granted under the Ricegrowers Limited Employee Long Term Incentive Plan is recognised as an employee benefits expense with a corresponding increase in equity.

The total amount expensed is determined by reference to the fair value of the B Class share rights granted, excluding the impact of any service and non-market performance vesting conditions (e.g. Group financial and personal targets and remaining an employee of the Group over a specified period of time). The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of B Class share rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Employee Long Term Incentive Plan is administered by the Ricegrowers Limited Employee Share Trust, which is consolidated in accordance with the principles in note 1(b).

Employee Share Scheme

Under the matching arrangement of the Ricegrowers Limited Employee Share Scheme, B Class shares are issued by the Ricegrowers Employee Share Trust to employees for no consideration and these B Class shares vest immediately on grant date. On this date, the fair value of the B Class shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

The Employee Share Scheme is administered by the Ricegrowers Limited Employee Share Trust, which is consolidated in accordance with the principles in note 1(b).

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

w. Contributed equity

Ordinary B Class shares are classified as equity.

Incremental costs directly attributable to the issue of new B Class shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity instruments, for example as a result of a B Class share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Ricegrowers Limited as treasury shares until the B Class shares are cancelled or reissued.

Where such B Class shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Ricegrowers Limited.

B Class shares held as unallocated shares by the Ricegrowers Employee Share Trust are disclosed as treasury shares and deducted from total equity.

x. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the year but not distributed at the end of the reporting period.

y. Earnings per share

Basic earnings per share

Basic 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 B Class shares
- by the weighted average number of B Class shares outstanding during the financial year, adjusted for bonus elements in B Class shares issued during the year and excluding treasury shares

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential B Class shares, and
- the weighted average number of additional B Class shares that would have been outstanding assuming the conversion of all dilutive potential B class shares

z. 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 consolidated 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.

aa. Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

bb. Parent entity information

The financial information for the parent entity, Ricegrowers Limited, disclosed in note 34 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries

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

Tax consolidation legislation

Ricegrowers Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as at 1 May 2004. 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 the tax funding agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Share-based payments

The grant by the company of rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking.

The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2. Critical accounting estimates and judgements

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 make assumptions concerning the future and to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continuously 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 areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are discussed below.

Impairment of assets

The Group tests for impairment of goodwill and other non-current assets in accordance with note 1(i).

The recoverable amounts of cash generating units have been determined based on value-in-use calculations, with the exception of land, building and plant and equipment assets in SunFoods, Brandon mill, the Microwave Rice and Microwave Meals plant and the Rice Cakes plant, which have been valued using a fair value less cost of disposal model. These calculations required the use of assumptions. Refer to note 16(b) for details about the assumptions used for goodwill impairment testing.

The recoverability of assets (including goodwill) is generally dependent on the Group's ability to continuously innovate, improve manufacturing efficiency, increase the volume of throughput and improve product mix in order to meet growth targets. It is also subject to the long term weather outlook for the Riverina and could be impacted by a prolonged period of drought conditions.

The Group will continue to closely monitor the performance of the cash generating units.

Raw materials inventory and amounts payable to Riverina rice growers

Raw materials inventory and amounts payable to Riverina rice growers are valued in accordance with the accounting policies in note 1(m) and 1(l) respectively.

These values require an assumption of the paddy price for the relevant pool. This assumption is based on the Directors' most recent estimate of the performance of the Rice Pool business.

Deferred tax assets not recognised for capital losses and USA ordinary 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 ordinary tax losses in the USA, as the Group considers there remains uncertainty in the ability of the local entity to generate enough future taxable profits against which these losses can be utilised.

Refer to note 9(d) for further details on unrecognised deferred tax assets for available tax losses.

Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities.

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

Refer to note 27 for further details on the Group's contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk that are actively mitigated to reduce the Group's exposure.

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 forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are only used for economic hedging purposes and not as speculative investments.

The Group uses different methods to measure the different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange risks 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, the use of derivative financial instruments and investing excess liquidity.

a. Market risk

Foreign exchange risk

Exposure

The table below sets out the Group's main exposure to foreign currency risk at the reporting date, expressed in the foreign currency. The amounts presented reflect balances held in Group entities where the USD and EUR are not their functional currency.

| | 2019 | | 2018 | |
|---|-----------------|--------------|-----------------|--------------|
| | USD \$000's | EUR \$000's | USD \$000's | EUR \$000's |
| Cash | 4,889 | 98 | 7,484 | 77 |
| Trade receivables | 79,755 | - | 155,019 | - |
| Trade payables | (63,005) | (7,290) | (99,056) | (6,142) |
| Forward exchange contracts: | | | | |
| - selling foreign currency | (81,250) | - | (168,250) | - |
| - buying foreign currency | 28,162 | 12,593 | 42,342 | 5,312 |
| Net exposure - (selling) / buying currency | (31,449) | 5,401 | (62,461) | (753) |

Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Translation related risks are not included in the assessment of the Group's exposure to foreign exchange risk.

The risk is measured through cash flow forecasting and is hedged with the objective of minimising the volatility of the Australian currency equivalent of firm commitments or highly probable forecast sales and purchases denominated in foreign currencies.

The Group's treasury's risk management policy is to hedge a portion of the forecast foreign currency cash flows for sales, inventory and fixed assets purchases for up to twelve months in advance, subject to a review of the cost of implementing each hedge.

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards must align with the hedged items. Access to foreign currency forwards is however not always available in all the countries in which the Group operates (e.g. PNG).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

| | 2019 \$000's | 2018 \$000's |
|---|------------------------------|------------------------------|
| Foreign currency forwards | | |
| Carrying amount - asset / (liability) | 1,370 | (594) |
| Notional amount - (selling foreign currency) | (81,250) | (168,250) |
| Notional amount - buying foreign currency | 40,755 | 47,654 |
| Maturity date | May 2019 - March 2020 | May 2018 - April 2019 |
| Hedge ratio* | 1:1 | 1:1 |
| Change in fair value of hedging instruments since 1 May | 1,859 | (1,348) |
| Change in value of hedged items used to determine hedge effectiveness | (1,859) | 1,348 |
| Weighted average hedged rate for the year | USD0.71:AUD1 EUR0.63:AUD1 | USD0.76:AUD1 EUR0.63:AUD1 |

* The foreign currency forwards are denominated in the same currency as the highly probably future sales and purchases, therefore the hedge ratio is 1:1

Sensitivity analysis

At 30 April 2019, had the US dollar increased by 5 cents to the Australian dollar, with all other variables held constant, the Group's profit after tax for the year would have been \$409,000 lower (2018: \$148,000 higher) and other equity would have been \$154,000 higher (2018: \$4,320,000 higher).

At 30 April 2019, had the US dollar decreased by 5 cents to the Australian dollar, with all other variables held constant, the Group's profit after tax for the year would have been \$467,000 higher (2018: \$267,000 lower) and other equity would have been \$167,000 lower (2018: \$6,710,000 lower).

Since January 2019, PNG Government action and successful interventions by the Bank of PNG improved liquidity of the PNG Kina (PGK) and provided greater access to the USD currency to Trukai Industries. As a result, Trukai was able to repay a significant amount of its intercompany trade payables during the year, with a residual outstanding amount due at 30 April 2019 of USD 26,150,000 (AUD 37,119,000) compared to USD 52,970,000 (AUD 70,103,000) at 30 April 2018. Availability of the USD currency in PNG remains uncertain and may again affect Trukai's ability to settle its intercompany trade payable in the future, exposing the Group to the risk of a sudden devaluation of the PGK. If the USD/PGK exchange rate was 5 cents lower (0.2410 instead of 0.2910), with all other variables held constant, Trukai's intercompany trade payable would have been higher in its local currency, resulting in an additional foreign exchange loss in the Group's profit after tax for the year of \$4,465,000 (2018: \$8,112,000).

The Group's exposure to other foreign currency exchange movements (including the EUR) is not considered material.

Interest rate risk

Exposure

The Group's main interest rate risk arises from bank loans and bank overdrafts, which expose the Group to cash flow interest rate risk.

The Group's policy is to maintain a portion of its long-term bank loans at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. Generally, the Group enters into long-term bank loans at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

During 2019 and 2018, the Group's bank loans at variable rate were mainly denominated in Australian dollar. The Group had the following variable rate borrowings and interest rate swap contracts outstanding (an analysis by maturities is provided in (c) below):

| 30 April 2019 | Weighted average interest rate % | Balance \$000's |
|---|-------------------------------------|--------------------|
| Bank loans and bank overdrafts | 2.9 | (119,230) |
| Interest rate swap (notional principal amount) | 2.3 | 46,000 |
| Net exposure to cash flow interest rate risk | | (73,230) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| 30 April 2018 | Weighted average interest rate % | Balance \$000's |
|---|-------------------------------------|--------------------|
| Bank loans and bank overdrafts | 3.2 | (165,000) |
| Interest rate swap (notional principal amount) | 4.0 | 31,000 |
| Net exposure to cash flow interest rate risk | | (134,000) |

Instruments used by the Group

Swaps currently in place cover approximately 50% (2018: 39%) of the Obligor Group Core debt outstanding. The Obligor Group is a sub-group of Ricegrowers Limited that jointly guarantees the Core and Seasonal banking facilities contracted in Australia (see further details in note 20). The following entities are part of the Obligor Group:

- Riviana Foods Pty Ltd
- Australian Grain Storage Pty Ltd
- Rice Research Australia Pty Ltd
- Solomons Rice Company Limited
- Sunshine Rice Inc.
- Ricegrowers Singapore Pte Ltd
- Silica Resources Pty Ltd
- Sunshine Rice Pty Ltd
- SunFoods LLC
- Roza's Gournet Pty Ltd

The fixed interest rates of the swaps range between 2.22% and 2.48% (2018 – 2.48% and 4.81%) and the variable rates of the loans are between 2.69% and 3.30% (2018 – 2.94% and 3.55%). The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Interest rate swaps | | |
| Carrying amount - (liability) | (899) | (532) |
| Notional amount | 46,000 | 31,000 |
| Maturity date | 2020 / 2021 | 2018 / 2020 |
| Hedge ratio* | 1:1 | 1:1 |
| Change in fair value of hedging instruments since 1 May | (367) | 685 |
| Change in value of hedged items used to determine hedge effectiveness | 367 | (685) |
| Weighted average hedged rate for the year | 2.3% | 4.0% |

* The interest rates swaps are denominated in the same currency as the underlying debt, therefore the hedge ratio is 1:1

Sensitivity analysis

At 30 April 2019, if interest rates had changed by + / - 25 basis points from the year end rates, with all other variables held constant, profit after tax for the year would have been \$128,000 lower/higher (2018: \$390,000 lower/higher), mainly as a result of higher/lower interest expense on variable bank loans.

b. Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables.

Risk management

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard & Poor's A minus are accepted unless such rating is not available in a country in which SunRice operates.

Domestic customers are assessed for credit quality, taking into account their financial position, past experience, trade references, ASIC searches and other factors. The majority of export customers trading terms are secured by letters of credit, cash against documents or documentary collection and prepayment in accordance with the Treasury policy. Individual credit limits for both domestic and export customers are set in accordance with the limits set by the Board and compliance with credit limits is regularly

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

monitored by the Group. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, the Group has established limits so that the portfolio of instruments held with the various financial institutions does not create a material counterparty risk to the Group.

Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

Cash and cash equivalents are subject to the impairment requirements of AASB 9. However there was no identified impairment loss in the current or previous reporting period.

Trade receivables for sales of goods are subject to the expected credit loss model. The Group applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 to 60 months (depending on the country in which the sales are made) prior to the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Additional allowances are also taken where specific and known risks have been identified for some customers. As a result, the loss allowance for trade receivables at 30 April 2019 was determined as follows:

| | Current | Less than 3 months past due | Between 3 and 6 months past due | More than 6 months past due | Total |
|--|---------|-----------------------------|---------------------------------|-----------------------------|---------|
| 30 April 2019 | | | | | |
| Expected loss rate (inclusive of specific known risks) | 0% | 0% | 27% | 73% | |
| Gross carrying amount of trade receivables - \$'000's | 121,089 | 38,054 | 1,711 | 4,256 | 165,110 |
| Loss allowance - \$'000's | 8 | 4 | 468 | 3,116 | 3,596 |

The loss allowance for trade receivables held at 30 April 2018 was revisited against the new AASB 9 guidance. The outcome was materially the same as under the previous accounting policy (see details below) and as a result, no retrospective adjustment to the allowance recognised at 30 April 2018 was made on adoption of the new standard. The loss allowance for trade receivables at 30 April 2018 is summarised as follows:

| | Current | Less than 3 months past due | Between 3 and 6 months past due | More than 6 months past due | Total |
|--|---------|-----------------------------|---------------------------------|-----------------------------|---------|
| 30 April 2018 | | | | | |
| Expected loss rate (inclusive of specific known risks) | 0% | 0% | 4% | 100% | |
| Gross carrying amount of trade receivables - \$'000's | 116,603 | 12,940 | 2,101 | 956 | 132,600 |
| Loss allowance - \$'000's | - | 9 | 90 | 956 | 1,055 |

The directors are satisfied that debtors are fairly valued with respect to credit risk. Of the total trade receivables outstanding at 30 April 2019, 73% (2018: 88%) are current and 27% (2018: 12%) are overdue. The directors have no reason to believe that amounts not provided for will not be collected in full in a subsequent period.

The closing loss allowances for trade receivables at 30 April 2019 reconcile to the opening loss allowances as follows:

| | 2019 \$'000's | 2018 \$'000's |
|--|------------------|------------------|
| At 1 May | 1,055 | 1,121 |
| Loss allowance recognised during the year | 2,579 | 213 |
| Receivables written off during the year as uncollectible | (17) | (51) |
| Amounts subsequently collected | (95) | (207) |
| Foreign currency difference on translation | 74 | (21) |
| At 30 April | 3,596 | 1,055 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Group, a significant amount of days past due (generally more than 6 months), or information about the customer entering bankruptcy or financial reorganisation.

Impairment losses on trade receivables are presented within other expenses in the consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model.

Individual receivables which were known to be uncollectible were written off by reducing their carrying amount directly and other receivables were assessed collectively to determine whether there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of the receivables. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. Evidence of impairment included, amongst others, information about significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation and default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Estimates and judgements involved when assessing the risk of impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Details of the key assumptions and inputs used are disclosed in the tables on the previous page.

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Due to the dynamic nature of the Group's underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities disclosed below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet business needs and satisfy internal and external compliance requirements.

As discussed in (a) above, following PNG Government action and successful interventions by the Bank of PNG which improved liquidity of the PGK, Trukai was able to repay a significant amount of its intercompany trade payables in the current period. This in turn triggered a reduction in the cash balance accumulated by Trukai, which reduced to PGK 9,387,000 (AUD 3,878,000) at 30 April 2019 compared to PGK 190,293,000 (AUD 76,187,000) at 30 April 2018.

To maintain access to the USD currency and support its local net working capital needs, Trukai entered into a local uncommitted working capital facility of PGK 75,000,000 in January 2019 (see further details in note 20). The Group continues to closely monitor economic conditions in PNG to proactively manage the liquidity risk.

Financing arrangements

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

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$000's | \$000's |
| Fixed and floating rate: | | |
| Bank overdraft - expiring within one year | 19,983 | 3,816 |
| Bank loans - expiring within one year | 137,283 | 117,903 |
| Bank loans - expiring beyond one year | 127,770 | 141,000 |
| | 285,036 | 262,719 |

The bank overdraft facilities and \$80,000,000 of the 2019 bank loan facilities (portion relating to trade finance and transactional banking), may be drawn at any time and may be terminated by the bank without notice. For additional information on significant terms and conditions of bank facilities, refer to note 20.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

| | Less than 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Total carrying amount |
|--|------------------------|--------------------------|--------------------------|--------------|------------------------------------|--------------------------|
| 30 April 2019 | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Non-derivatives | | | | | | |
| Non-interest bearing | 200,284 | - | - | 1,707 | 201,991 | 201,991 |
| Variable rate | 30,439 | 94,942 | - | - | 125,381 | 119,230 |
| Fixed rate | 12,848 | 395 | 184 | - | 13,427 | 13,195 |
| Total non-derivatives | 243,571 | 95,337 | 184 | 1,707 | 340,799 | 334,416 |
| Derivatives | | | | | | |
| Interest rate swaps - net settled | - | 318 | 581 | - | 899 | 899 |
| Foreign currency contracts - gross settled | | | | | | |
| - outflow | 187,247 | - | - | - | 187,247 | - |
| - (inflow) | (188,617) | - | - | - | (188,617) | (1,370) |
| Total derivatives | (1,370) | 318 | 581 | - | (471) | (471) |

| | Less than 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Total carrying amount |
|--|------------------------|--------------------------|--------------------------|--------------|------------------------------------|--------------------------|
| 30 April 2018 | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Non-derivatives | | | | | | |
| Non-interest bearing | 377,406 | 25,874 | - | 1,588 | 404,868 | 404,868 |
| Variable rate | 91,211 | 2,674 | 84,183 | - | 178,068 | 165,000 |
| Fixed rate | 553 | 423 | 70 | - | 1,046 | 1,005 |
| Total non-derivatives | 469,170 | 28,971 | 84,253 | 1,588 | 583,982 | 570,873 |
| Derivatives | | | | | | |
| Interest rate swaps - net settled | 449 | - | 83 | - | 532 | 532 |
| Foreign currency contracts - gross settled | | | | | | |
| - outflow | 326,897 | - | - | - | 326,897 | 594 |
| - (inflow) | (326,303) | - | - | - | (326,303) | - |
| Total derivatives | 1,043 | - | 83 | - | 1,126 | 1,126 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Fair value measurement

The Group's assets and liabilities carried at fair value are mainly related 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 held (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.

Only the investment property is classified as level 3, as the fair value is determined by an independent valuation.

The following table presents the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

| Recurring fair value measurements | 2019 | | | 2018 | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Level 2 | Level 3 | Total | Level 2 | Level 3 | Total |
| | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Assets | | | | | | |
| Investment properties | - | 2,900 | 2,900 | - | 1,150 | 1,150 |
| Derivatives used for hedging | | | | | | |
| - Foreign exchange contracts | 1,370 | - | 1,370 | 761 | - | 761 |
| Total assets | 1,370 | 2,900 | 4,270 | 761 | 1,150 | 1,911 |
| Liabilities | | | | | | |
| Derivatives used for hedging | | | | | | |
| - Foreign exchange contracts | - | - | - | 1,355 | - | 1,355 |
| - Interest rate swaps | 899 | - | 899 | 532 | - | 532 |
| Total liabilities | 899 | - | 899 | 1,887 | - | 1,887 |

There were no transfer between levels for recurring fair value measurements during the year.

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

5. Significant events of the period

For a detailed discussion about the Group's performance and financial position, please refer to our review of operations in the Directors' report.

6. Revenue

| | 2019 \$000's | 2018 \$000's |
|---|------------------|------------------|
| Sales revenue | | |
| Sale of goods - recognised at a point in time | 1,189,545 | 1,173,986 |
| | 1,189,545 | 1,173,986 |
| Other revenue | | |
| Interest received | 421 | 359 |
| Other sundry items | 3,097 | 2,941 |
| | 3,518 | 3,300 |
| Total revenue from continuing operations | 1,193,063 | 1,177,286 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Other income

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Net gain on disposal of property, plant and equipment | - | 6 |
| Foreign exchange gains | - | 6,607 |
| Fair value adjustment to investment properties | 1,750 | - |
| Total other income | 1,750 | 6,613 |

In the prior period, the foreign exchange gain was primarily the result of a combination of significant fluctuations in the AUD/USD exchange rate and hedged exposures no longer expected to occur.

8. Expenses

Profit before income tax includes the following specific expenses.

| | 2019 \$000's | 2018 \$000's |
|---|------------------|------------------|
| Contributions to employee superannuation plans | (7,937) | (8,617) |
| Depreciation and amortisation | | |
| Buildings | (7,783) | (7,711) |
| Leased assets | (591) | (539) |
| Plant and equipment | (11,130) | (10,634) |
| Leasehold improvements | (540) | (593) |
| Patents/brands and software | (1,637) | (1,445) |
| Total depreciation and amortisation expense | (21,681) | (20,922) |
| Other expenses | | |
| Energy | (18,861) | (19,181) |
| Contracted services | (24,535) | (24,559) |
| Operating lease expenditure and equipment hire | (13,737) | (13,239) |
| Research and development | (617) | (1,310) |
| Advertising and artwork | (24,710) | (24,475) |
| Net loss on disposal of property, plant and equipment | (477) | - |
| Repairs and Maintenance | (10,433) | (13,100) |
| Insurance | (4,455) | (3,213) |
| Training | (2,156) | (2,256) |
| Internet, telephone and fax | (2,809) | (2,645) |
| Motor vehicle and travelling expenses | (8,313) | (8,421) |
| Net foreign exchange losses | (7,850) | - |
| ASX Listing costs | (2,031) | (1,161) |
| Other | (18,586) | (18,689) |
| Total other expenses | (139,570) | (132,249) |

Net foreign exchange losses have been primarily driven by the falling value and lack of liquidity of the PNG Kina in the first half of the year, as well as significant fluctuations in the AUD/USD exchange rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. Income tax expense

a. Income tax expense

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Current tax expense | (11,341) | (19,940) |
| Deferred tax (expense) / benefit | (4,397) | 2,520 |
| Adjustments for income tax of prior periods | 94 | (321) |
| Income tax expense attributable to profit from continuing operations | (15,644) | (17,741) |
| Deferred income tax (expense) / benefit included in income tax expense comprises: | | |
| (Decrease) / increase in deferred tax assets (note 18) | (1,942) | 2,288 |
| (Increase) / decrease in deferred tax liabilities (note 23) | (2,455) | 232 |
| | (4,397) | 2,520 |

b. Numerical reconciliation of income tax expense to prima facie tax payable

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Profit from continuing operations before related income tax | 48,411 | 62,862 |
| Income tax expense calculated at the Australian rate of tax of 30% (2018: 30%) | (14,523) | (18,859) |
| Tax effect of amounts which are not taxable/(deductible) in calculating taxable income: | | |
| Entertainment | (70) | (40) |
| Research & development | 69 | 197 |
| Overseas attributable income | (1,436) | (1,917) |
| Difference in overseas tax rates | 1,439 | 2,627 |
| Sundry items | (207) | 85 |
| | (205) | 952 |
| Tax effect of tax losses and temporary differences not recognised | (1,010) | - |
| Previously unrecognised tax losses now recouped or recognised | - | 487 |
| Adjustments for income tax of prior periods | 94 | (321) |
| Income tax expense | (15,644) | (17,741) |

c. Tax relating to items of other comprehensive income

| | 2019 \$000's | 2018 \$000's |
|------------------|-----------------|-----------------|
| Cash flow hedges | (377) | 199 |

d. Deferred tax assets not recognised for USA ordinary losses

The Group has not recognised deferred tax assets of \$4,546,000 (2018: \$3,298,000) for ordinary tax losses in the USA, as the Group considers there remains uncertainty in the ability of the local entity to generate enough future taxable profits against which these losses can be utilised. The Group will continuously reassess this position should conditions in the USA improve in a sustainable manner.

10. Cash and cash equivalents

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Cash at bank and on hand | 22,441 | 122,902 |
| Total cash and cash equivalents | 22,441 | 122,902 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 consolidated cash flow statement as follows:

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Cash and cash equivalents | 22,441 | 122,902 |
| Less: Bank overdraft (note 20) | (12,001) | - |
| Balances per consolidated statement of cash flows | 10,440 | 122,902 |

b. Risk exposure

The Group may be exposed to liquidity risk in relation to the availability of the USD currency in PNG. Details are presented in note 3(c).

11. Receivables

| | 2019 \$000's | 2018 \$000's |
|--------------------------|-----------------|-----------------|
| Current | | |
| Trade receivables | 165,110 | 132,600 |
| Loss allowance (note a) | (3,596) | (1,055) |
| | 161,514 | 131,545 |
| Other receivables | 935 | 3,396 |
| GST receivable | 2,294 | 13,116 |
| Prepayments | 3,508 | 3,100 |
| Total receivables | 168,251 | 151,157 |

a. Loss allowance for trade receivables

Details about the Group's impairment policies and the calculation of the loss allowance for trade receivables are provided in note 3(b).

b. Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Other receivables are not impaired or past due.

c. Fair values

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

d. Risk exposure

Information about the Group's exposure to foreign exchange risk and credit risk is provided in note 3(a) and 3(b) respectively.

12. Inventories

| | 2019 \$000's | 2018 \$000's |
|-----------------------------------|-----------------|-----------------|
| Raw materials | 209,618 | 368,689 |
| Finished goods | 133,899 | 121,241 |
| Packaging materials | 8,057 | 7,659 |
| Engineering and consumable stores | 9,818 | 9,204 |
| Total inventories | 361,392 | 506,793 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Derivative financial instruments

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Current assets | | |
| Forward foreign exchange contracts (cash flow hedges) | 1,370 | 761 |
| | 1,370 | 761 |
| Current liabilities | | |
| Interest rate swaps (cash flow hedges) | 899 | 532 |
| Forward foreign exchange contracts (cash flow hedges) | - | 1,355 |
| | 899 | 1,887 |

a. Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged items and the hedging instruments.

For hedges of foreign currency sales and purchases, the Group enters into hedge relationships where the critical terms of the hedging instruments match exactly with the terms of the hedged items. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged items such that the critical terms no longer match exactly with the critical terms of the hedging instruments, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency sales and purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

The Group also enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturities and notional amounts. The Group does not hedge 100% of its bank loans, therefore the hedged items are identified as a proportion of the outstanding bank loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency sales and purchases. It may occur due to the credit or debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and underlying bank loans. There was no ineffectiveness during 2019 or 2018 in relation to the interest rate swaps.

b. Risk exposure

Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in note 3(a).

14. Investments accounted for using the equity method

| | 2019 \$000's | 2018 \$000's |
|----------------------|-----------------|-----------------|
| Shares in associates | 2,821 | 1,497 |

Information relating to the associate is set out below.

| Name of company | Principal activity | Ownership interest | |
|---|--------------------|--------------------|--------|
| | | 2019 | 2018 |
| Pagini Transport (incorporated in Papua New Guinea) | Transport | 30.44% | 30.44% |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

a. Movements in carrying amounts

| | Consolidated | |
|---|---------------------|----------------|
| | 2019 | 2018 |
| | \$000's | \$000's |
| Carrying amount at the beginning of the financial year | 1,497 | 1,750 |
| Share of profit after related income tax | 1,253 | 72 |
| Change in ownership interest | - | 78 |
| Foreign exchange difference on translation | 71 | (53) |
| Other adjustments | - | (350) |
| Carrying amount at the end of the financial year | 2,821 | 1,497 |

b. Summarised financial information of Pagini Transport (100%)

| | Assets | Liabilities | Revenues | Profits |
|-------------|----------------|--------------------|-----------------|----------------|
| | \$000's | \$000's | \$000's | \$000's |
| 2019 | 19,129 | 9,861 | 2,686 | 4,117 |
| 2018 | 13,177 | 8,259 | 2,815 | 235 |

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

15. Property, plant and equipment

| | 2019 | 2018 |
|--|------------------|----------------|
| | \$000's | \$000's |
| Freehold land & land use rights | | |
| At cost | 16,664 | 15,543 |
| | 16,664 | 15,543 |
| Buildings | | |
| At cost | 222,191 | 218,251 |
| Less accumulated depreciation and impairment | (120,862) | (112,475) |
| | 101,329 | 105,776 |
| Leasehold improvements | | |
| At cost | 12,370 | 10,565 |
| Less accumulated depreciation and impairment | (4,450) | (3,870) |
| | 7,920 | 6,695 |
| Plant and equipment | | |
| At cost | 276,486 | 260,563 |
| Less accumulated depreciation and impairment | (191,782) | (179,781) |
| Under finance lease | 4,628 | 3,947 |
| Less accumulated depreciation | (3,461) | (2,990) |
| | 85,871 | 81,739 |
| Capital works in progress | | |
| At cost | 27,893 | 7,959 |
| | 27,893 | 7,959 |
| Total property, plant and equipment | 239,677 | 217,712 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

a. Reconciliations

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

| | Land & Buildings \$000's | Leasehold Improvements \$000's | Plant & Equipment \$000's | Assets under construction \$000's | Totals \$000's |
|---|--------------------------------|--------------------------------------|---------------------------------|---|-------------------|
| Carrying amount at 1 May 2018 | 121,319 | 6,695 | 81,739 | 7,959 | 217,712 |
| Additions | - | - | - | 40,564 | 40,564 |
| Recognition of finance lease | - | - | 833 | - | 833 |
| Additions through business combination | - | - | - | 681 | 681 |
| Capital works in progress reclassifications | 3,789 | 1,574 | 15,031 | (20,394) | - |
| Transfers/disposals/scraping | (25) | - | (496) | (1,335) | (1,856) |
| Depreciation expense | (7,783) | (540) | (11,721) | - | (20,044) |
| Impairment | (92) | - | (196) | - | (288) |
| Foreign exchange difference on translation | 785 | 191 | 681 | 418 | 2,075 |
| Carrying amount at 30 April 2019 | 117,993 | 7,920 | 85,871 | 27,893 | 239,677 |

During the year ended 30 April 2019, an impairment charge of \$288,000 was recognised against various individual assets of the Group which are no longer being used.

On 31 October 2018, Ricegrowers Singapore Pte Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired a rice processing mill in Dong Thap Province, Vietnam. This represents the Group's first direct financial investment in Vietnam, which is an important step towards establishing a fully vertically integrated and sustainable supply chain in the country.

The Group has and continues to invest in improving and expanding the mill and purchasing equipment, in order to increase whitening and polishing capacity and to add a new packing line. This will ensure that the mill meets and satisfies the Group's operational needs, its high quality and safety standards, and customers' requirements.

The mill is anticipated to be fully operational during the first half of FY20, with a processing capacity of around 260,000 dry paddy tonnes per annum.

Due to its nature, this acquisition does not qualify as a business combination. Accordingly, assets acquired are included in Property, Plant and Equipment in the balance sheet at 30 April 2019 and no goodwill arose as a result of this transaction.

| | Land & Buildings \$000's | Leasehold Improvements \$000's | Plant & Equipment \$000's | Assets under construction \$000's | Totals \$000's |
|---|--------------------------------|--------------------------------------|---------------------------------|---|-------------------|
| Carrying amount at 1 May 2017 | 121,351 | 10,225 | 77,148 | 9,253 | 217,977 |
| Additions | - | - | - | 20,297 | 20,297 |
| Recognition of finance lease | - | - | 761 | - | 761 |
| Capital works in progress reclassifications | 5,257 | 73 | 16,249 | (21,579) | - |
| Transfers/disposals/scraping | 2,932 | (2,752) | (421) | - | (241) |
| Depreciation expense | (7,711) | (593) | (11,173) | - | (19,477) |
| Impairment | (390) | - | (564) | - | (954) |
| Foreign exchange difference on translation | (120) | (258) | (261) | (12) | (651) |
| Carrying amount at 30 April 2018 | 121,319 | 6,695 | 81,739 | 7,959 | 217,712 |

During the year ended 30 April 2018, an impairment charge of \$954,000 was recognised against various individual assets of the Group which were no longer being used.

b. Assets pledged as security

There is a fixed and floating charge over fixed assets as disclosed in note 20.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Intangibles

| | 2019 \$000's | 2018 \$000's |
|-------------------------------|-----------------|-----------------|
| Goodwill | 8,658 | 4,829 |
| Patents and brands at cost | 11,241 | 9,584 |
| Less accumulated amortisation | (7,642) | (7,136) |
| | 3,599 | 2,448 |
| Software at cost | 8,179 | 7,612 |
| Less accumulated amortisation | (7,093) | (6,927) |
| | 1,086 | 685 |
| Other at cost | 1,301 | 1,301 |
| Less accumulated amortisation | (499) | (239) |
| | 802 | 1,062 |
| Total intangibles | 14,145 | 9,024 |

a. Reconciliations

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the current and previous financial year are set out below:

| | Goodwill \$000's | Brands \$000's | Software \$000's | Other \$000's | Total \$000's |
|--|---------------------|-------------------|---------------------|------------------|------------------|
| Carrying amount at 1 May 2018 | 4,829 | 2,448 | 685 | 1,062 | 9,024 |
| Additions | - | 234 | 11 | - | 245 |
| Additions through business combination | 3,829 | 1,250 | - | - | 5,079 |
| Transfers/disposals/scraping | - | - | 1,335 | - | 1,335 |
| Amortisation charge | - | (432) | (945) | (260) | (1,637) |
| Foreign exchange difference on translation | - | 99 | - | - | 99 |
| Carrying amount at 30 April 2019 | 8,658 | 3,599 | 1,086 | 802 | 14,145 |

Details of the business combination are provided in note 36.

| | Goodwill \$000's | Brands \$000's | Software \$000's | Other \$000's | Total \$000's |
|--|---------------------|-------------------|---------------------|------------------|------------------|
| Carrying amount at 1 May 2017 | 4,829 | 2,841 | 1,162 | 232 | 9,064 |
| Additions | - | - | 251 | 1,177 | 1,428 |
| Amortisation charge | - | (370) | (728) | (347) | (1,445) |
| Foreign exchange difference on translation | - | (23) | - | - | (23) |
| Carrying amount at 30 April 2018 | 4,829 | 2,448 | 685 | 1,062 | 9,024 |

b. Goodwill

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

| | 2019 \$000's | 2018 \$000's |
|---------------|-----------------|-----------------|
| Global Rice | 34 | 34 |
| Riviana Foods | 8,439 | 4,610 |
| CopRice | 185 | 185 |
| | 8,658 | 4,829 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use 5 year cash flow projections based on financial budgets approved by the Board for the forthcoming year and management forecasts for the years thereafter. Cash flows beyond the explicit period of projection are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

| CGU | Long-term Growth Rate | | Pre Tax Discount Rate | |
|---------------|-----------------------|------|-----------------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | % | % | % | % |
| Global Rice | 1.8 | 1.9 | 11.6 | 10.4 |
| Riviana Foods | 1.8 | 1.9 | 13.0 | 12.1 |
| CopRice | 1.8 | 1.9 | 13.0 | 12.4 |

The discount rates reflect the risks relating to each CGU to the extent that the risk components are not already included in the cash flow forecasts.

Sensitivity to changes in assumptions

No reasonable change in assumptions above would give rise to an impairment in the Riviana, CopRice and Global Rice CGUs.

17. Investment property

| At fair value | 2019 \$000's | 2018 \$000's |
|-------------------------------------|-----------------|-----------------|
| Opening balance at 1 May | 1,150 | 1,150 |
| Net gain from fair value adjustment | 1,750 | - |
| Closing balance at 30 April | 2,900 | 1,150 |

Valuation basis

The basis of the valuation of investment property is fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar property in the same location and condition and subject to similar leases.

18. Deferred tax assets

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| The balance comprises temporary differences attributable to: | | |
| Provisions | 8,026 | 7,213 |
| Accruals | 4,016 | 5,693 |
| Depreciation | 2,871 | 3,324 |
| Foreign exchange | 278 | 467 |
| Inventories | 3,411 | 3,581 |
| Tax losses | 141 | 628 |
| Other | 1,103 | 722 |
| | 19,846 | 21,628 |
| Derivatives - cash flow hedges | 234 | 473 |
| Total deferred tax assets | 20,080 | 22,101 |
| Set-off of deferred tax liabilities pursuant to set-off provisions (note 23) | (5,208) | (2,219) |
| Net deferred tax assets | 14,872 | 19,882 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Deferred tax assets expected to be recovered within 12 months | 15,846 | 18,239 |
| Deferred tax assets expected to be recovered after more than 12 months | 4,234 | 3,862 |
| | 20,080 | 22,101 |

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Movements | | |
| Opening balance at 1 May | 22,101 | 19,720 |
| (Charged)/credited to income statement | (1,942) | 2,288 |
| Foreign exchange differences on translation | 78 | (106) |
| (Charged)/credited to other comprehensive income | (239) | 199 |
| Business combination | 82 | - |
| Closing balance at 30 April | 20,080 | 22,101 |

19. Payables

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Current | | |
| Trade and other payables | 134,064 | 129,091 |
| Amounts payable to Riverina Rice Growers | 66,220 | 248,315 |
| | 200,284 | 377,406 |
| Non-current | | |
| Trade and other payables | 1,707 | 1,588 |
| Amounts payable to Riverina Rice Growers | - | 25,874 |
| | 1,707 | 27,462 |

a. Fair values

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

b. Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 3(a).

20. Borrowings

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Current - Secured | | |
| Bank overdrafts | 12,001 | - |
| Bank loans | 27,000 | 86,000 |
| Net accrued interest and capitalised borrowing costs | (172) | (330) |
| Lease liability (note 28) | 636 | 522 |
| Total borrowings | 39,465 | 86,192 |
| Non current - Secured | | |
| Bank loans | 92,230 | 79,000 |
| Net accrued interest and capitalised borrowing costs | (259) | (279) |
| Lease liability (note 28) | 558 | 483 |
| Total borrowings | 92,529 | 79,204 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

a. Significant terms and conditions of bank facilities

The Seasonal bank facility (including a trade finance and transactional banking facility) was renegotiated in 2019. The facility limit of \$180,000,000 decreased by \$55,000,000 compared to the prior year (\$235,000,000) and the maturity date was extended to April 2020. In 2019, the trade finance and transactional banking facility of \$80,000,000 was renegotiated as an uncommitted facility.

The Core bank facility of \$220,000,000 was not renegotiated in 2019. The facility maturity dates remain as April 2021 (\$120,000,000) and April 2023 (\$100,000,000).

The Australian bank borrowings, including overdrafts and other facilities, are secured by registered mortgages over all property, registered equitable mortgages over all assets of the Obligor Group and a cross-guarantee between each member of the Obligor Group (the composition of which has been detailed in note 3(a)).

Under the terms of the banking facilities, the Group is required to comply with a set of financial covenants. The Group complied with these covenants throughout the reporting period.

In 2019, Trukai Industries also negotiated a PGK 75,000,000 uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

b. Fair values

The carrying amounts of bank overdrafts and borrowings is considered to approximate their fair values, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

c. Carrying amount of all assets pledged as security

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

d. Risk exposure

Details of the Group's undrawn bank facilities and exposure to risks arising from current and non-current borrowings are set out in note 3. The Group's bank borrowings are categorised as follows:

| | 2019 \$000's | 2018 \$000's |
|------------------------|-----------------|-----------------|
| Seasonal debt | 27,000 | 86,000 |
| Core debt | 92,230 | 79,000 |
| | 119,230 | 165,000 |
| Representing: | | |
| Current bank loans | 27,000 | 86,000 |
| Non-current bank loans | 92,230 | 79,000 |
| | 119,230 | 165,000 |

Seasonal debt

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

Core debt

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Provisions

| | 2019 \$000's | 2018 \$000's |
|--------------------------------|-----------------|-----------------|
| Current | | |
| Employee benefits (note 22) | 22,210 | 22,250 |
| Employee allowances | 104 | 172 |
| Directors' retirement benefits | 193 | 325 |
| Total provisions | 22,507 | 22,747 |
| Non current | | |
| Employee benefits (note 22) | 3,873 | 4,007 |
| Total provisions | 3,873 | 4,007 |

Reconciliations

| | Employee benefits \$000's | Employee allowances \$000's | Directors' retirement benefits \$000's | Total \$000's |
|---|------------------------------|--------------------------------|---|------------------|
| Carrying amount at 1 May 2018 | 26,257 | 172 | 325 | 26,754 |
| Additional provision recognised | - | - | - | - |
| Amount used during the year | (9) | (68) | (132) | (209) |
| Business combination | (165) | - | - | (165) |
| Carrying amount at 30 April 2019 | 26,083 | 104 | 193 | 26,380 |

| | Employee benefits \$000's | Employee allowances \$000's | Directors' retirement benefits \$000's | Total \$000's |
|---|------------------------------|--------------------------------|---|------------------|
| Carrying amount at 1 May 2017 | 19,983 | 114 | 399 | 20,496 |
| Additional provision recognised | 6,274 | 58 | - | 6,332 |
| Amount used during the year | - | - | (74) | (74) |
| Carrying amount at 30 April 2018 | 26,257 | 172 | 325 | 26,754 |

22. Employee benefits

a. Employee benefits and related on cost liabilities

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Provision for employee benefits (note 21) | | |
| - Current | 22,210 | 22,250 |
| - Non-current | 3,873 | 4,007 |
| Aggregate employee entitlement benefits | 26,083 | 26,257 |

| Employee numbers | 2019 Number | 2018 Number |
|---|----------------|----------------|
| Average number of employees during the year | 2,044 | 2,185 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

b. Leave obligations

Employee benefits include leave obligations which cover the Group's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits, as explained in note 1(v).

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. These amounts are presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months but for which the obligation is presented as current:

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Current leave obligations expected to be settled after 12 months | 4,338 | 3,981 |

23. Deferred tax liabilities

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| The balance comprises temporary differences attributable to: | | |
| Prepayments | 170 | 61 |
| Inventories | 2,514 | 1,929 |
| Depreciation | 142 | - |
| Investment property | 525 | - |
| Foreign exchange | 1,104 | - |
| Brands acquired through business combination | 518 | 175 |
| Other | 43 | - |
| | 5,016 | 2,165 |
| Derivatives - cash flow hedges | 192 | 54 |
| Total deferred tax liabilities | 5,208 | 2,219 |
| Set-off of deferred tax liabilities pursuant to set-off provisions (note 18) | (5,208) | (2,219) |
| Net deferred tax liabilities | - | - |

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Deferred tax liabilities expected to be settled within 12 months | 4,023 | 2,044 |
| Deferred tax liabilities expected to be settled after more than 12 months | 1,185 | 175 |
| | 5,208 | 2,219 |

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Movements | | |
| Opening balance at 1 May | 2,219 | 2,469 |
| Credited to income statement | 2,455 | (232) |
| Foreign exchange difference on translation | 21 | (18) |
| Charged/(credited) to other comprehensive income | 138 | - |
| Business combination | 375 | - |
| Closing balance at 30 April | 5,208 | 2,219 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Contributed equity

a. Share capital

B Class shares

B Class shares are non-voting shares and entitle the holder to participate in dividends. B Class shares have no par value.

The number of B Class shares on issue is set out below:

| | 2019 Number of shares | 2018 Number of shares |
|--|--------------------------|--------------------------|
| Total B Class shares outstanding at 30 April | 58,217,481 | 56,741,144 |
| Total treasury shares (B Class) at 30 April | 507,932 | 27,887 |
| Total B Class shares on issue at 30 April | 58,725,413 | 56,769,031 |

A Class shares

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

At 30 April 2019, 706 (2018: 715) A Class shares were on issue.

Further details about the non-standard elements of the SunRice Group's constitution, including information about the Group's dual class share structure are included in the shareholder information section of this annual report on page 119.

b. Movement in ordinary B class shares

| Date | 2019 Number of shares | 2018 Number of shares | 2019 \$000's | 2018 \$000's |
|--|--------------------------|--------------------------|-----------------|-----------------|
| Balance at 1 May | 56,769,031 | 55,762,392 | 111,855 | 107,819 |
| Issue under Dividend Reinvestment Plan | 949,628 | 511,393 | 5,423 | 2,062 |
| Issue under Grower Share Purchase Plan | 222,404 | 239,642 | 1,270 | 939 |
| Issue under Employee Share Scheme - purchased shares | 143,081 | 178,763 | 762 | 724 |
| Issue under Employee Share Scheme - shares offered for no consideration | 33,337 | 48,954 | 194 | 198 |
| Treasury shares issued | 507,932 | 27,887 | 2,956 | 113 |
| Issue under the FY16/FY18 Chief Executive Officer Long Term Incentive Plan | 100,000 | - | 392 | - |
| Balance at 30 April | 58,725,413 | 56,769,031 | 122,852 | 111,855 |

Dividend Reinvestment Plan

The company has established a Dividend Reinvestment Plan (DRP) under which holders of ordinary B Class shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary B Class shares rather than by being paid in cash.

In the current period, B Class shares were issued under the DRP at \$5.71, representing a 2% discount to the average of the Volume Weighted Average Price (VWAP) of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the prior period, B Class shares were issued under the DRP at \$4.03, representing a 2% discount to the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded prior to the dividend record date.

Grower Share Purchase Plan

The company has established a Grower Share Purchase Plan (GSPP) under which eligible growers are given the opportunity to acquire ordinary B Class shares based on the number of paddy tonnes they deliver in any given crop year.

In the current period, B Class shares were issued under the GSPP at \$5.71, representing 2% discount to the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the prior period, B Class shares were issued under the GSPP at \$3.92, representing a 2% discount to the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded prior to the GSPP offer date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Employee Share Scheme

The company has established an Employee Share Scheme (ESS) under which eligible employees (and non-executive independent directors in 2018) are given the opportunity to acquire ordinary B Class shares out of their benefit entitlements or after tax funds.

Under the matching arrangement of the ESS, eligible employees may also be granted B Class shares for no consideration (see further details in note 1(v))

In the current period, B Class shares were offered under the ESS at \$5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the current period, B Class shares issued under the ESS also include the 40,000 B Class shares issued at \$4.05 to the non-executive independent directors of Ricegrowers Limited under the FY18 ESS offer and which had not been able to be issued prior to 30 April 2018. Non-executive independent directors were not given the opportunity to participate in the FY19 ESS offer.

In the prior period, B Class shares were offered under the ESS at \$4.05, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded prior to 27 February 2018.

Treasury shares

Treasury shares issued in the current period are B Class shares in Ricegrowers Limited that are held as unallocated B Class shares by the Ricegrowers Employee Share Trust for the purpose of allocating B Class shares that may be delivered in the future under the FY19-FY21 Chief Executive Officer Long Term Incentive Plan.

507,932 treasury shares were issued at \$5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Treasury shares issued in the prior period, were B Class shares in Ricegrowers Limited that were held as unallocated B Class shares by the Ricegrowers Employee Share Trust until their subsequent allocation to eligible participants under the ESS.

Chief Executive Officer Long Term Incentive Plan

B Class shares issued in the current period relate to 100,000 vested ordinary B Class shares under the FY16-FY18 Chief Executive Officer Long Term Incentive Plan. The B Class shares were issued at \$3.92, as determined in FY18.

c. Capital risk management

The Group's and company's objectives when managing capital are to safeguard their ability to continue as a going concern, continue to grow the business, provide returns for A and B Class shareholders as well as benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to B Class shareholders, return capital to B Class shareholders, issue new B Class shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet (including non-controlling interests).

The gearing ratios at 30 April 2019 and 30 April 2018 were as follows:

| | Notes | 2019 \$000's | 2018 \$000's |
|----------------------|-------|-----------------|-----------------|
| Net debt | 31 | 109,553 | 42,494 |
| Total equity | | 462,904 | 434,133 |
| Gearing ratio | | 19% | 9% |

When considering the Group's gearing, it is important to note that the Papua New Guinea Kina (PGK) is a restricted currency not freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries (see further details in note 3(c)) may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing ratio would materially increase compared to its current level.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25. Reserves and retained profits

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| General reserve | 28,453 | 28,453 |
| Asset revaluation reserve | 4,917 | 4,917 |
| Foreign currency translation reserve | (16,722) | (21,140) |
| Hedging reserve - cash flow hedges | 369 | (746) |
| Transaction with non-controlling interests | (7,956) | (7,956) |
| Share-based payment reserve | 1,250 | 563 |
| Treasury shares reserve | (2,956) | (113) |
| Total reserves | 7,355 | 3,978 |
| Retained profits | 306,643 | 293,925 |

a. Movements

| Reserves | 2019 \$000's | 2018 \$000's |
|--|-------------------------|-------------------------|
| Foreign currency translation reserve | | |
| Balance 1 May | (21,140) | (20,491) |
| Net exchange difference on translation of overseas controlled entities | 5,158 | (1,252) |
| Non controlling interest in translation differences | (740) | 603 |
| Balance 30 April | (16,722) | (21,140) |
| Hedging reserve - cash flow hedges | | |
| Balance 1 May | (746) | (282) |
| Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss | 1,492 | (663) |
| Deferred tax | (377) | 199 |
| Balance 30 April | 369 | (746) |
| Share-based payment reserve | | |
| Balance 1 May | 563 | - |
| Share-based payment expense | 1,273 | 761 |
| Shares issued to employees under the Employee Share Scheme | (586) | (198) |
| Balance at 30 April | 1,250 | 563 |
| Treasury shares reserve | | |
| Balance 1 May | (113) | - |
| Treasury shares issued under the Employee Share Scheme | (2,956) | (113) |
| Treasury shares allocated under the Employee Share Scheme | 113 | - |
| Balance at 30 April | (2,956) | (113) |
| Retained profits | 2019 \$000's | 2018 \$000's |
| Balance 1 May | 293,925 | 269,632 |
| Net profit for the year | 31,498 | 42,695 |
| Dividends provided for or paid | (18,780) | (18,402) |
| Balance 30 April | 306,643 | 293,925 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

b. Nature and purpose of reserves

General reserve

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

Asset revaluation reserve

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

Foreign currency translation reserve

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

Hedging reserve - cash flow hedges

The hedging reserve is used to record the changes in the fair value of the following hedging instruments:

| | Currency forwards | Interest rate swaps | Total hedge reserve |
|--|-------------------|---------------------|---------------------|
| | \$000's | \$000's | \$000's |
| Cash flow hedge reserve | | | |
| Opening balance at 1 May 2017 | 570 | (852) | (282) |
| Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss | (1,348) | 685 | (663) |
| Reclassified from other comprehensive income to the cost of inventory and/or profit or loss | - | - | - |
| Deferred tax | 404 | (205) | 199 |
| Closing balance at 30 April 2018 | (374) | (372) | (746) |
| Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss | 1,860 | (368) | 1,492 |
| Reclassified from other comprehensive income to the cost of inventory and/or profit or loss | - | - | - |
| Deferred tax | (488) | 111 | (377) |
| Closing balance at 30 April 2019 | 998 | (629) | 369 |

Transactions with non-controlling interests

This reserve is used to record the effects that arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Share-based payment reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of B Class share rights issued to employees but not yet vested under the Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan), as described in note 1(v), and
- the grant date fair value of B Class shares issued to employees for no consideration under the matching arrangement of the Employee Share Scheme, as described in note 1(v).

Treasury shares reserve

Treasury shares are B Class shares in Ricegrowers Limited that are held as unallocated B Class shares by the Ricegrowers Employee Share Trust for the purpose of either:

- allocating B Class shares that may be delivered in the future under the FY19-FY21 Chief Executive Officer Long Term Incentive Plan, or
- allocating B Class shares to employees under the Employee Share Scheme.

B Class shares allocated to employees are recognised on a first-in-first-out basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

c. Share-based payments

Employee Long Term Incentive Plan

Under the Group's Employee Long Term Incentive Plan (LTI), participants are granted rights to ordinary B Class shares of Ricegrowers Limited. B Class share rights are granted annually and vest at the end of a three year performance period. They automatically convert into one ordinary B Class share each on vesting, aligned to the performance outcome. B Class share rights do not entitle their holders to receive any dividends during the vesting period. If a participant ceases to be employed by the Group within the performance period, the B Class share rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

In the current period, the number of B Class share rights granted was determined based on a percentage of fixed remuneration converted to a number of B Class shares using a price of \$5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the prior period, the number of B Class share rights granted was determined based on a percentage of fixed remuneration converted to a number of B Class shares using the price applicable to the Grower Share Purchase Plan (\$3.92), which had been used as the initial intent was to align the grower and employee offers.

| | 2019 | 2018 |
|--|---------|---------|
| Number of B Class share rights granted on 1 October 2018 (2018: 16 March 2018) | 204,890 | 155,350 |
| Fair value of B Class share rights at grant date | \$6.33 | \$3.15 |

The fair value of the B Class share rights at grant date was estimated by taking the market price of the company's B Class shares on that date (2019: \$7.20, 2018: \$4.00) less the present value of expected dividends that will not be received by the participants on their B Class share rights during the three year vesting period.

Chief Executive Officer Long Term Incentive Plan

In the prior period, following the introduction of the Employee LTI Plan discussed previously, the Board took the opportunity to align the Chief Executive Officer's FY16-FY18 LTI Plan to an, in part, equity-based scheme. In accordance with the CEO's employment contract (issued in 2016), the Board invited the CEO to take part of his FY16-FY18 LTI plan in the form of B Class share rights in lieu of the cash equivalent. The CEO accepted this offer for a portion of the FY18 performance year component of his LTI plan. The offer equated to 100,000 B Class share rights, representing part of the incentive opportunity of the FY18 performance year component of the plan divided by the price applicable to the Employee LTI plan (\$3.92).

In the current period, the CEO was granted 507,932 rights to ordinary B Class shares of Ricegrowers Limited under the FY19-FY21 CEO Long Term Incentive Plan. The number of B Class share rights granted was determined based on a percentage of fixed remuneration converted to a number of B Class shares using a price of \$5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

Subject to vesting, each B Class share right entitles the CEO to one B Class share. Vesting of the B Class share rights is conditional on the Board being satisfied that the CEO has achieved the performance measures identified in the plan at the end of the three year performance period from 1 May 2018 to 30 April 2021. However, the Board may, at its discretion, consider vesting prior to the end of that three year performance period if a change of control of the company occurs. In circumstances where the CEO ceases to be an employee during the performance period as a result of death, termination by the company on the basis of redundancy or termination by or with the agreement of the company based on permanent incapacity, vesting of the CEO's B Class share rights will be considered on a pro rata basis to reflect the portion of the performance period which elapsed before the employment ceased. If the CEO ceases to be employed by the company for other reasons prior to the end of the performance period, his B Class share rights will lapse. B Class share rights that have not vested at the end of the performance period will also lapse.

The Board has selected performance measures that are consistent with the CEO's remuneration being aligned to increasing shareholder value and growers interests. Key performance measures are directed to the achievement of the long-term strategic plan for the Group as agreed by the Board, realising adjusted earnings per share growth, the maximisation of grower returns over the long-term, the development of the next strategic review to ensure continued growth for the organisation and driving a highly engaged workforce, with a strong performance culture focused on sustainability and succession. B Class share rights do not entitle the CEO to receive any dividends prior to vesting.

| | 2019 | 2018 |
|---|---------|---------|
| Number of B Class share rights granted on 11 January 2019 (2018: 22 March 2018) | 507,932 | 100,000 |
| Fair value of B Class share rights at grant date | \$4.83 | \$4.00 |

The fair value of the B Class share rights at grant date was estimated by taking the market price of the company's B Class shares on that date (2019: \$5.70, 2018: \$4.00) less the present value of expected dividends that will not be received by the CEO on his B Class share rights during the three year vesting period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Employee Share Scheme

Employees (and non-executive independent directors in 2018) who are Australian tax residents are eligible and may elect to participate in the Group's Employee Share Scheme (ESS). Under the matching arrangement of the scheme, eligible employees may be granted up to \$1,000 worth of fully paid ordinary B Class shares in Ricegrowers Limited annually for no cash consideration.

In the current period, the number of B Class shares issued under the matching arrangement of the ESS was determined based on the offer amount divided by \$5.82, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded between 12 June 2018 and 28 June 2018.

In the prior period, the number of B Class shares issued under the matching arrangement of the ESS was determined based on the offer amount divided by \$4.05, representing the average of the VWAP of ordinary B Class shares traded on the NSX over the five days on which B Class shares were traded prior to 27 February 2018.

B Class shares issued under the ESS may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects, the B Class shares rank equally with other fully paid ordinary B Class shares on issue.

| | 2019 | 2018 |
|--|--------|--------|
| Number of B Class shares offered for no cash consideration under the plan to participating employees | 33,337 | 48,954 |

Each participant was issued with B Class shares on the VWAP of \$5.82 (2018: \$4.05), which was also determined as the grant date fair value of these B Class shares.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| B Class share rights granted under the Employee Long Term Incentive Plan | 261 | 163 |
| B Class share rights granted under the Chief Executive Officer Long Term Incentive Plan | 818 | 400 |
| B Class shares issued for no consideration under the Employee Share Scheme | 194 | 198 |
| | 1,273 | 761 |

26. Franked dividends

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Final dividend for the year ended 30 April 2018 of 33 cents (2017: 33 cents) per ordinary B Class share | 18,780 | 18,402 |
| Total dividend distributed | 18,780 | 18,402 |

Subsequent to year end, the Directors have recommended the payment of a final dividend of 33 cents per ordinary B Class share for the year ended 30 April 2019. The aggregated amount of the proposed dividend not recognised as a liability at 30 April 2019 is \$19,379,386. The franked portion of the final dividend recommended after 30 April 2019 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 2020,

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Franking credits available for subsequent financial years based on a tax rate of 30% (2018 - 30%) | 83,447 | 80,417 |

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 \$8,305,000 (2018 – \$8,029,000).

27. Contingencies

Contingent liabilities

The Group had the following contingent liabilities not provided for in its financial statements at 30 April:

| | 2019 \$000's | 2018 \$000's |
|-----------------------------|-----------------|-----------------|
| Letters of credit | 13,879 | 26,758 |
| Guarantees of bank advances | 1,839 | 1,839 |
| Total contingencies | 15,718 | 28,597 |

Letters of credit in both years are mainly contracted in relation to the purchase of rice in Asia.

From time to time, the Group is involved in disputes and litigations with third parties. At 30 April 2019, The Group does not expect any material adverse outcome from any open or pending cases.

28. Commitments for expenditure

a. Capital commitments (property, plant and equipment)

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities | 3,530 | 5,685 |

b. Lease commitments

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities: | | |
| - Within one year | 6,693 | 5,872 |
| - Later than one year but not later than five years | 12,645 | 6,484 |
| - Later than five years | - | 2,525 |
| | 19,338 | 14,881 |
| Representing: | | |
| Non-cancellable operating leases | 19,338 | 14,881 |
| Commitments in relation to finance leases are payable as follows: | | |
| - Within one year | 674 | 554 |
| - Later than one year but not later than five years | 579 | 493 |
| | 1,253 | 1,047 |
| less: future finance charges | (59) | (42) |
| Recognised as a liability | 1,194 | 1,005 |
| Present value of lease liabilities: | | |
| Current (note 20) | 636 | 522 |
| Non current (note 20) | 558 | 483 |
| | 1,194 | 1,005 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. Investments in subsidiaries

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

| Name of entity | Country of Incorporation | Principal activities | Direct/indirect interest in ordinary shares/equity | |
|---|--------------------------|---|--|-----------|
| | | | 2019 % | 2018 % |
| SunRice Trading Pty Ltd | Australia | No current activities | 100 | 100 |
| SunFoods LLC | USA | Processing and distribution of rice | 100 | 100 |
| 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 | No current activities | 100 | 100 |
| Silica Resources Pty Ltd * | Australia | Holding Company | 100 | 100 |
| Riviana Foods Pty Ltd * | Australia | Importation / manufacturing / distribution of food products | 100 | 100 |
| SunShine Rice Pty Ltd | Australia | No current activities | 100 | 100 |
| Trukai Industries Limited | PNG | Processing and 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 |
| Aqaba Processing Company Ltd | Jordan | Rice packing / storage | 80 | 80 |
| Sunshine Rice, Inc | USA | Holding Company | 100 | 100 |
| SunRice Fund Limited (ex-Bligh Funds Management) | Australia | No current activities | 100 | 100 |
| Ricegrowers Middle East DMCC | UAE | Distribution of rice | 100 | 100 |
| Ricegrowers Singapore Pte Ltd | Singapore | Procurement and trading of rice | 100 | 100 |
| Roza's Gourmet Pty Ltd | Australia | Manufacturing / distribution of food products | 100 | - |
| Ricegrowers Vietnam Limited Liability Company (also known as Lap Vo Dong Thap Food Company Limited) | Vietnam | Processing of rice | 100 | - |

*Entities part of a Deed of Cross Guarantee that are relieved under the ASIC Legislative Instrument 2016/785 from preparing a separate financial report (see note 39).

Non-controlling interests

Non-controlling interests hold 540,320 ordinary shares in Trukai Industries Ltd, being 33.77% of the ordinary issued capital of that entity. As these non-controlling interests are material to the Group, summarised financial information for this subsidiary has been disclosed in note 35.

Non-controlling interests hold 6,000 ordinary shares in Aqaba Processing Company Limited, being 20% of the ordinary issued capital of that entity. These non-controlling interests are not considered material to the Group.

30. Related party transactions

a. Parent entity

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

b. Subsidiaries

Interests in subsidiaries are set out in note 29.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

c. Directors and other Key Management Personnel

Directors and other Key Management Personnel compensation

| | 2019 \$ | 2018 \$ |
|------------------------------|------------|------------|
| Short term employee benefits | 4,696,683 | 4,238,837 |
| Post-employment benefits | 152,122 | 153,691 |
| Termination benefits | - | 303,400 |
| Other long-term benefits | - | 561,289 |
| Share-based payments | 936,800 | 428,604 |
| | 5,785,605 | 5,685,821 |

Detailed remuneration disclosures are provided in the remuneration report available in note 15 of the Directors report.

Share holdings

Directors' and other Key Management Personnel Interests In A and B Class shares of Ricegrowers Limited

| Director | Held at 30 April 2019 | | Net change in period | Held at 1 May 2018 | |
|--------------|-----------------------|----------------|----------------------|--------------------|----------------|
| | A Class Shares | B Class Shares | | A Class Shares | B Class Shares |
| LJ Arthur | 1 | 254,662 | 18,844 | 1 | 235,818 |
| I Mason | 1 | 143,073 | 1,363 | 1 | 141,710 |
| GA Andreazza | 1 | 84,525 | 2,742 | 1 | 81,783 |
| GL Kirkup | 1 | 73,457 | 4,013 | 1 | 69,444 |
| DM Robertson | 1 | 227,725 | - | 1 | 227,725 |
| LK Vial | 1 | 119,028 | 8,027 | 2 | 111,000 |
| JM Bradford | 1 | 33,236 | 1,815 | 1 | 31,421 |
| L Catanzaro | - | - | - | - | - |
| A Crane | - | - | - | - | - |
| I Glasson | - | 21,155 | 21,155 | - | - |
| R Gordon | - | 108,806 | 107,080 | - | 1,726 |

| Former Director | Held at 30 April 2019 | | Net change in period | Held at 1 May 2018 | |
|-----------------|-----------------------|----------------|----------------------|--------------------|----------------|
| | A Class Shares | B Class Shares | | A Class Shares | B Class Shares |
| GF Latta AM | - | 31,562 | 1,724 | - | 29,838 |

| Other Key Management Personnel | 2019 B Class Shares | 2018 B Class Shares |
|--------------------------------|---------------------|---------------------|
| D Keldie | 19,845 | 17,720 |
| D Courtelis | 3,026 | 1,726 |

Key Management Personnel not listed did not hold any A or B Class shares. The aggregate number of B Class shares held by current Directors of Ricegrowers Limited, their related entities and other Key Management Personnel at the end of the reporting period were:

| Issuing entity | 2019 | 2018 |
|---------------------|-----------|---------|
| Ricegrowers Limited | 1,088,538 | 949,911 |

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Details of B Class shares issued to Directors and their related entities pursuant to the Grower Share Purchase Plan (GSPP)

Details of B Class Shares issued to Directors and their related entities pursuant to the GSPP are detailed below:

| Related party name | Nature of relationship | B Class shares issued pursuant to GSPP |
|--|--|--|
| Mr Lawrence John Arthur | Chairman and Director | 5,216 |
| Andrew Arthur and Amy Lolicato | Andrew Arthur is the son of a Director (Laurie Arthur) | 819 |
| John Neil Arthur | Director's son (Laurie Arthur) | 482 |
| GA & JA Andreazza Enterprises Pty Limited (trustee of the GA and JA Andreazza Family Trust) trading as GJA Farming | Director's company (Glen Andreazza) | 2,742 |
| Daniel Paul Andreazza | Director's son (Glen Andreazza) | 318 |
| DJ Mason & IR Mason & PD Mason trading as DJ Mason & Sons | Director, Director's mother and Director's brother (Ian Mason) | 1,363 |
| North Dale Pty Ltd | Director's company (Leigh Vial) | 1,613 |

Movement in B Class share rights held during the reporting period

Details of the movement in B Class share rights in the Company, during the reporting period for each Executive KMP are detailed below.

| Movement in B Class share rights during FY19 | Balance at the start of the year | | Vested | | Forfeited | | Balance at the end of the year | |
|--|----------------------------------|-------------------------|---------|-----|-----------|---|--------------------------------|----------|
| | Unvested | Granted as remuneration | Number | % | Number | % | Other Changes | Unvested |
| R Gordon | 100,000 | 507,932 | 100,000 | 100 | - | - | - | 507,932 |
| D Courtelis | - | 40,730 | - | - | - | - | - | 40,730 |
| D Keldie | 24,400 | 19,000 | - | - | - | - | - | 43,400 |

Number and Value of B Class share rights granted, vested and forfeited under the LTI awards

Details of the rights granted as remuneration and held, and vesting profile as at 30 April 2019 for each Executive KMP is presented in the table below. B Class share rights are granted for nil consideration (i.e. zero exercise price) and vest following performance testing.

| Balance at the start of the year | | | | | Vested in FY19 | | | | |
|----------------------------------|------|--------------------------------|------------|-------------------------------|---|-------------------------------------|------------------------|---------------------------|-----------------------------------|
| Current Executive KMP | Plan | Number of B Class share rights | Grant Date | Fair value at grant date (\$) | Financial year in which B Class share rights may vest | Maximum fair value yet to vest (\$) | Vested in the year (%) | Forfeited in the year (%) | Number of ordinary B Class shares |
| | | | | | | | | | |
| R Gordon | FY16 | 100,000 | 22-Mar-18 | 4.00 | FY18 | - | 100 | - | 100,000 |
| | FY19 | 507,932 | 11-Jan-19 | 4.83 | FY21 | 1,635,541 | - | - | - |
| D Courtelis | FY19 | 40,730 | 1-Oct-18 | 6.33 | FY21 | 193,366 | - | - | - |
| D Keldie | FY18 | 24,400 | 16-Mar-18 | 3.15 | FY20 | 29,719 | - | - | - |
| | FY19 | 19,000 | 1-Oct-18 | 6.33 | FY21 | 90,203 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Transactions with Directors and other Key Management Personnel

| Transactions and outstanding balances | 2019 \$ | | 2018 \$ | |
|--|--------------|----------------------|--------------|----------------------|
| | Transactions | Outstanding Balances | Transactions | Outstanding Balances |
| Purchases of rice from Directors | 728,012 | 663,464 | 8,665,400 | 7,177,135 |
| Sale of inputs to Directors | 13,117 | - | 147,879 | - |
| Sale of stockfeed to Directors | 66,233 | - | 43,040 | - |
| Consulting fees paid to Directors prior to their appointment | 48,794 | - | - | - |
| | 856,156 | 663,464 | 8,856,319 | 7,177,135 |

There were no transactions with other Key Management Personnel. Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

31. Cash flow information

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

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Profit for the year | 32,767 | 45,121 |
| Depreciation and amortisation | 21,681 | 20,922 |
| Loss / (gain) on sale/disposal of property, plant and equipment | 477 | (6) |
| Net exchange differences (including changes in the fair value of derivatives) | 352 | (243) |
| Impairment of non-current assets | 288 | 954 |
| Share-based payment expense | 1,273 | 761 |
| Deductions under Employee Share Plan and Grower Share Purchase Plan | 1,755 | 331 |
| Share of associate's net (profit) / loss | (1,268) | 200 |
| Net operating assets acquired through acquisition of entity | 12 | - |
| Fair value gain on investment property | (1,750) | - |
| Changes in operating assets and liabilities | - | - |
| (Increase) in trade and other receivables | (19,147) | (29,725) |
| Decrease in other operating assets | 2,053 | 1,644 |
| Decrease / (Increase) in inventories | 145,401 | (135,221) |
| (Decrease) / increase in amounts payable to Riverina Rice Growers | (207,969) | 139,441 |
| Increase in trade and other payables and employee entitlements | 4,718 | 33,568 |
| Decrease in current tax receivable and liability | 5,855 | 5,228 |
| Decrease / (increase) in deferred tax balances | 4,397 | (2,520) |
| Net cash (outflows) / inflows from operating activities | (9,105) | 80,455 |

b. Net debt reconciliation

| | 2019 \$000's | 2018 \$000's |
|--|------------------|-----------------|
| Net debt | | |
| Cash and cash equivalents | 22,441 | 122,902 |
| Borrowings - repayable within one year (including overdraft) | (39,465) | (86,192) |
| Borrowings - repayable after one year | (92,529) | (79,204) |
| Net Debt | (109,553) | (42,494) |
| Cash and cash equivalents | 22,441 | 122,902 |
| Gross debt - fixed interest rates | (46,000) | (31,000) |
| Gross debt - variable interest rates | (85,994) | (134,396) |
| Net debt | (109,553) | (42,494) |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| | Other Assets | Liabilities from financing activities | | | | Total |
|----------------------------------|------------------------|---------------------------------------|-----------------------------------|--------------------------------|-------------------------------|------------------|
| | Cash / bank overdrafts | Finance leases due within one year | Finance leases due after one year | Borrowings due within one year | Borrowings due after one year | |
| | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Net debt at 1 May 2017 | 49,880 | (496) | (451) | (55,223) | (78,610) | (84,900) |
| Cash flows | 72,815 | 701 | - | (30,166) | - | 43,350 |
| Acquisition - finance leases | - | (254) | (507) | - | - | (761) |
| Foreign exchange adjustments | 207 | - | - | - | - | 207 |
| Other non cash movements | - | (473) | 475 | (281) | (111) | (390) |
| Net debt at 30 April 2018 | 122,902 | (522) | (483) | (85,670) | (78,721) | (42,494) |
| Cash flows | (114,605) | 188 | - | 59,000 | (13,230) | (68,647) |
| Acquisition - finance leases | - | (278) | (555) | - | - | (833) |
| Foreign exchange adjustments | 2,143 | - | - | - | - | 2,143 |
| Other non cash movements | - | (24) | 480 | (158) | (20) | 278 |
| Net debt at 30 April 2019 | 10,440 | (636) | (558) | (26,828) | (91,971) | (109,553) |

32. Earnings per B Class share

a. Basic and diluted earnings per B Class share

| | 2019 Cents | 2018 Cents |
|--|---------------|---------------|
| Basic and diluted earnings per B Class share | 54.5 | 75.9 |

b. Reconciliation of earnings per B Class share

| | 2019 \$000's | 2018 \$000's |
|---------------------|-----------------|-----------------|
| Profit for the year | 31,498 | 42,695 |

c. Weighted average number of B Class shares outstanding used as a denominator

| | 2019 000's | 2018 000's |
|--|---------------|---------------|
| Weighted average number of B Class shares outstanding - for basic earnings per share | 57,809 | 56,240 |

33. Events occurring after the reporting period

On 19 June 2019, the SunRice Group's division, CopRice, signed a purchase agreement to acquire 100% of the extrusion assets of FeedRite Pty Ltd (FeedRite), one of Australia's leading manufacturers of premium extruded rice bran based equine feed. The FeedRite asset acquisition is another investment aligned with the Group's 2022 Growth strategy and will allow CopRice to continue expanding its premium feed business, especially in the key Ag Retail channel, and complements the Group's supply of rice bran from our Riverina milling program. The cost of the acquisition of FeedRite's assets, as well as the capital expenditure upgrade and expansion of the site to CopRice's specifications and standards, is not expected to exceed \$10,000,000. Completion of the acquisition is expected over the coming months, pending satisfaction of a number of conditions precedent.

The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in this annual 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34. Parent entity information

a. Summary financial information

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

| | 2019 \$000's | 2018 \$000's |
|-------------------------------------|-----------------|-----------------|
| Balance sheet | | |
| Current assets | 378,240 | 649,721 |
| Total assets | 555,706 | 823,989 |
| Current liabilities | 206,877 | 468,409 |
| Total liabilities | 305,681 | 578,143 |
| Shareholders equity | | |
| Issued capital | 122,852 | 111,855 |
| Reserves | | |
| General reserve | 18,657 | 18,657 |
| Share-based payment reserve | 1,196 | 572 |
| Treasury shares reserve | (2,956) | (113) |
| Hedging reserve - cash flow hedges | (312) | (1,221) |
| Retained earnings | 110,588 | 116,096 |
| | 250,025 | 245,846 |
| Profit / (Loss) for the year | 13,273 | 18,450 |
| Total comprehensive income | 14,182 | 17,868 |

b. Guarantees entered into by the parent entity

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank borrowings, foreign exchange facilities and bank overdrafts with Riviana Foods Pty Ltd.

Ricegrowers Limited, Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd entered into a deed of cross guarantee on 28 April 2016 under which each company guarantees the debts of the others.

No liabilities subject to the deed of cross guarantee at 30 April 2019 are expected to arise to Ricegrowers Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

c. Contingent liabilities of the parent entity

| | 2019 \$000's | 2018 \$000's |
|----------------------------|-----------------|-----------------|
| Guarantee of bank advances | 1,479 | 3,815 |
| Total contingencies | 1,479 | 3,815 |

d. Contractual commitments of the parent entity for the acquisition of property, plant and equipment

At 30 April 2019, the parent entity had contractual commitments for the acquisition of property, plant or equipment totaling \$3,024,000 (30 April 2018: \$4,837,000).

These commitments are not recognised as liabilities at the end of the reporting period as the relevant assets have not yet been received.

35. Subsidiaries with material non-controlling interests

a. Trukai Industries Limited Summary financial information

Non-controlling interests hold 540,320 ordinary shares in Trukai Industries Ltd, being 33.77% of the ordinary issued capital of that entity. Set out on the next page is summarised financial information for Trukai Industries Limited. The amounts disclosed are before inter-company eliminations but after homogenisation to the Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Balance sheet | | |
| Current assets | 108,001 | 133,724 |
| Non-current assets | 31,948 | 25,751 |
| Current liabilities | (57,709) | (83,083) |
| Non-current liabilities | (2,347) | (1,970) |
| Net Assets | 79,893 | 74,422 |
| Accumulated non-controlling interests | 26,980 | 25,132 |
| Statement of comprehensive income | | |
| Revenue | 264,131 | 247,646 |
| Profit after tax for the period | 3,689 | 6,702 |
| Other comprehensive income / (loss) | 2,402 | (1,498) |
| Total comprehensive income | 6,091 | 5,204 |
| Non-controlling interest share of profit after tax for the period | 1,246 | 2,263 |
| Non-controlling interest share of total comprehensive income | 2,057 | 1,757 |
| Cash flows | | |
| Cash flows from operating activities | (79,961) | 54,947 |
| Cash flows from investing activities | (6,642) | (2,943) |
| Cash flows from financing activities | - | - |
| Net (decrease) / increase in cash and cash equivalents | (86,603) | 52,004 |

b. Significant restrictions

Since January 2019, PNG Government action and successful interventions by the Bank of PNG improved liquidity of the PNG Kina (PGK) and provided greater access to the USD currency to Trukai Industries. As a result, Trukai was able to repay a significant amount of its intercompany trade payables during the year, with a residual outstanding amount due at 30 April 2019 of USD 26,150,000 (AUD 37,119,000) compared to USD 52,970,000 (AUD 70,103,000) at 30 April 2018.

This in turn triggered a reduction in the cash balance accumulated by Trukai, which reduced to PGK 9,387,000 (AUD 3,878,000) at 30 April 2019 compared to PGK 190,293,000 (AUD 76,187,000) at 30 April 2018.

Availability of the USD currency in PNG remains uncertain and may again affect Trukai's ability to settle its intercompany trade payable in the future, exposing the Group to the risk of a sudden devaluation of the PGK.

It is also important to note that the PGK is a restricted currency not freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing ratio would materially increase compared to its current level.

The Group continues to closely monitor economic conditions in PNG to proactively manage the liquidity risk.

36. Business combination

On 19 September 2018, Riviana Foods Pty Ltd (a wholly owned subsidiary of Ricegrowers Limited) acquired 100% of the shares in Roza's Gourmet Pty Ltd (RG) for a total cash consideration of \$5,855,000.

RG is a specialist chilled sauces and dips manufacturer that was established in 1991. RG supplies product through retail relationships across more than 600 stores, mainly specialty stores such as delicatessens and smaller independent supermarkets, as well as meal kit solutions. The retail channel for RG's sauces and dips represents the majority of revenues.

One element of the Group's 2022 Growth Strategy is to strengthen existing profit businesses, such as Riviana, which have the potential to generate higher revenue and profits, and to deliver increased resilience to the Group through expansion and diversification. The RG acquisition is one of the first investments aligned with this strategy, by allowing Riviana to diversify its brands in order to grow its share of the platter or entertaining occasion, and by expanding its product offering into categories like dips and value-add food services.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

| | \$000's |
|----------------------------------|----------------|
| Cash and cash equivalents | 83 |
| Receivables | 659 |
| Inventory | 433 |
| Property, Plant and Equipment | 681 |
| Brand | 1,250 |
| Payables | (622) |
| Provisions | (165) |
| Deferred tax | (293) |
| Identifiable net assets acquired | 2,026 |
| Add: Goodwill | 3,829 |
| Net assets acquired | 5,855 |

The goodwill is attributable to RG's strong financial performance and synergies expected to arise after the Group's acquisition of the new subsidiary. Goodwill has been allocated to the Riviana Foods segment. None of the goodwill is expected to be deductible for tax purposes.

Acquisition related costs of \$150,000 are included in other expenses in the consolidated income statement and in operating cash flows in the consolidated statement of cash flows.

The acquired business contributed revenues of \$6,605,323 and net profit after tax of \$150,468 to the Group for the period from 17 September 2018 to 30 April 2019. If the acquisition had occurred on 1 May 2018, contributed revenue and contributed profit after tax for the year ended 30 April 2019 would have been \$9,750,193 and \$190,961 respectively

37. Segment information

a. Business segments

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

In aggregating operating segments into reportable segments, the Group has considered the requirements of the accounting standards and notably the existence of similarities in economic characteristics, nature of products, market and customers.

Rice Pool

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels.

This includes supplying Australian markets and exporting Riverina rice to global markets across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies the Group's global subsidiaries, which can purchase rice from the Rice Pool at commercial prices to sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders. The net proceeds from the Rice Pool are not available to the Group's B Class Shareholders.

International Rice

The purchasing (whether from international sources - primarily the U.S or Asia - or the Rice Pool segment), processing, manufacturing, marketing and distribution of bulk or branded rice through intermediaries to consumers, food service and processing customers in world markets (including tender markets) and the Australian market where the varieties cannot be grown in Australia, including during times of low water availability.

International Rice is an aggregation of the main following operating segments:

- Global Rice and Ricegrowers Singapore, the global trading arms of the Group, sourcing and selling bulk or branded rice products in Australia or overseas and in tender markets.
- Trukai, SolRice, SunFoods, Ricegrowers Vietnam and Ricegrowers Middle East, which are separate legal entities that distribute rice either in their respective local markets or internationally. SunFoods, Ricegrowers Vietnam (once it is operational) and Trukai also mill locally sourced rice.

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments.

The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

International rice also includes Aqaba Processing Company (a packing facility in Jordan), the Group's research and development Company (RRAPL) and the Brandon business in North Queensland. These operating segments present different performance profiles, but it is the Group's assessment that this does not materially impact the aggregated reportable segment due to the small contribution of these operating segments to International Rice.

Rice Food

The manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and pre-prepared meals, both in domestic and global markets.

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments.

These operating segments have similar economic characteristics, including their gross margin.

Riviana Foods (Riviana)

The distribution and sale of both imported and locally manufactured specialty gourmet food products to retail and food service customers in Australia and select export markets.

CopRice

The manufacture, distribution and sale of bulk stockfeed to primary producers and packaged stockfeed and companion animal feed products through retail and wholesale channels to customers across Australia and select export markets.

Corporate

The Corporate segment captures the income and cost of holding and financing assets that are utilised by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands and access to milling, packing, storage and warehousing assets.

It also captures income and costs that are not allocated to other business segments, such as legal fees and costs associated with the ASX listing.

From time to time, the Corporate segment also receives dividends from some of the Group's subsidiaries. These transactions are eliminated in consolidation.

AGS is aggregated into the Corporate segment.

Performance

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

Sales between segments are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements.

Revenue from external customers is entirely recognised at a point in time.

Australian cash and borrowing balances are not allocated to operating segments, as the treasury and financing of Australian operations is centrally managed. This creates an asymmetry in information because fixed assets and working capital that are financed by borrowings are allocated to each operating segment.

Current and deferred tax balances are also not allocated to the operating segment's assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following table sets forth the segment results for the year ended 30 April 2019.

| | Rice Pool | International Rice | Rice Food | Riviana | CopRice | Corporate | Total |
|---|-----------|-----------------------|-----------|---------|---------|-----------|------------------|
| 2019 | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Total segment revenue | 410,482 | 482,613 | 100,439 | 126,628 | 159,195 | 36,215 | 1,315,572 |
| Inter-segment revenue | (84,556) | (196) | (658) | - | (4,573) | (36,044) | (126,027) |
| Revenue from external customers | 325,926 | 482,417 | 99,781 | 126,628 | 154,622 | 171 | 1,189,545 |
| Other revenue | | | | | | | 3,518 |
| Total revenue from continuing operations | | | | | | | 1,193,063 |
| Contributed Net Profit Before Tax | - | 1,975 | 4,602 | 8,749 | 8,500 | 26,005 | 49,831 |
| Intersegment eliminations | | | | | | | (1,420) |
| Profit before income tax | | | | | | | 48,411 |
| Depreciation and amortisation | - | (5,170) | (1,838) | (434) | (1,460) | (12,779) | (21,681) |
| Impairment | - | - | (123) | - | - | (165) | (288) |
| Acquisitions of non-current assets* | - | 20,482 | 924 | 6,152 | 5,833 | 14,011 | 47,402 |
| Segment assets | 252,779 | 275,628 | 40,391 | 66,770 | 65,951 | 221,280 | 922,799 |
| Intersegment eliminations | | | | | | | (119,891) |
| Cash and cash equivalents | | | | | | | 10,126 |
| Current tax asset | | | | | | | 1,981 |
| Deferred tax assets | | | | | | | 14,872 |
| Total assets | | | | | | | 829,887 |
| Segment liabilities | 116,283 | 137,804 | 6,213 | 29,528 | 19,362 | 33,625 | 342,815 |
| Intersegment eliminations | | | | | | | (113,545) |
| Current tax liability | | | | | | | 5,719 |
| Borrowings | | | | | | | 131,994 |
| Total liabilities | | | | | | | 366,983 |

*Other than financial assets and deferred tax

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following table sets forth the segment results for the year ended 30 April 2018.

| | Rice Pool | International Rice | Rice Food | Riviana | CopRice | Corporate | Total |
|---|-----------|-----------------------|-----------|---------|---------|-----------|-----------|
| 2018 | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's | \$000's |
| Total segment revenue | 440,033 | 456,876 | 107,460 | 120,022 | 118,416 | 52,132 | 1,294,939 |
| Inter-segment revenue | (60,957) | (214) | (518) | - | (7,313) | (51,951) | (120,953) |
| Revenue from external customers | 379,076 | 456,662 | 106,942 | 120,022 | 111,103 | 181 | 1,173,986 |
| Other revenue | | | | | | | 3,300 |
| Total revenue from continuing operations | | | | | | | 1,177,286 |
| Contributed Net Profit Before Tax | - | 23,906 | 2,183 | 9,028 | 5,289 | 28,125 | 68,531 |
| Intersegment eliminations | | | | | | | (5,669) |
| Profit before income tax | | | | | | | 62,862 |
| Depreciation and amortisation | - | (4,814) | (1,860) | (335) | (1,469) | (12,444) | (20,922) |
| Impairment | - | - | (402) | - | - | (552) | (954) |
| Acquisitions of non-current assets* | - | 4,464 | 2,716 | 81 | 1,545 | 13,680 | 22,486 |
| Segment assets | 463,566 | 265,658 | 46,805 | 58,579 | 52,516 | 195,411 | 1,082,535 |
| Intersegment eliminations | | | | | | | (99,801) |
| Cash and cash equivalents | | | | | | | 28,305 |
| Current tax asset | | | | | | | 3,239 |
| Deferred tax assets | | | | | | | 19,882 |
| Total assets | | | | | | | 1,034,160 |
| Segment liabilities | 358,816 | 211,594 | 10,419 | 27,657 | 10,343 | 59,725 | 678,554 |
| Intersegment eliminations | | | | | | | (245,045) |
| Current tax liability | | | | | | | 1,122 |
| Borrowings | | | | | | | 165,396 |
| Total liabilities | | | | | | | 600,027 |

*Other than financial assets and deferred tax

Australian cash and borrowing balances are not allocated to operating segments but to the Group because the head office is centrally managing the treasury and financing of Australian operations.

This creates an asymmetry in information because fixed assets and working capital that are financed by borrowings are allocated to each reportable segment.

No single external customer represents more than 10% of revenues in either the 2019 or 2018 financial reporting period.

b. Change in presentation compared to the prior period

Items of property, plant and equipment used by the Rice Pool segment were previously included in the Rice Pool segment's assets. Items of property, plant and equipment are now allocated to the segment that owns the assets as opposed to the segment that uses those assets. As a result, items of property, plant and equipment used by the Rice Pool segment are now allocated to the Corporate segment. The impact of the change in presentation is detailed on the next page:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| | Rice Pool \$000's | International Rice \$000's | Rice Food \$000's | Riviana \$000's | CopRice \$000's | Corporate \$000's | Total \$000's |
|--|----------------------|----------------------------------|----------------------|--------------------|--------------------|----------------------|------------------|
| Depreciation and amortisation - reported | (4,384) | (4,814) | (1,860) | (335) | (1,469) | (8,060) | (20,922) |
| Impairment - reported | (552) | - | (402) | - | - | - | (954) |
| Acquisitions of non-current assets - reported | 8,673 | 4,464 | 2,716 | 81 | 1,545 | 5,007 | 22,486 |
| Segment assets - reported | 522,279 | 265,658 | 46,805 | 58,579 | 52,516 | 136,698 | 1,082,535 |
| Depreciation and amortisation - restated | - | (4,814) | (1,860) | (335) | (1,469) | (12,444) | (20,922) |
| Impairment - restated | - | - | (402) | - | - | (552) | (954) |
| Acquisitions of non-current assets - restated | - | 4,464 | 2,716 | 81 | 1,545 | 13,680 | 22,486 |
| Segment assets - restated | 463,566 | 265,658 | 46,805 | 58,579 | 52,516 | 195,411 | 1,082,535 |

c. Other segment information – geographical areas

| | Australia \$000's | PNG \$000's | Other \$000's | Total \$000's |
|----------------------------------|----------------------|----------------|------------------|------------------|
| 2019 | | | | |
| Revenues from external customers | 517,027 | 264,131 | 408,387 | 1,189,545 |
| 2018 | | | | |
| Revenues from external customers | 459,159 | 247,646 | 467,181 | 1,173,986 |

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 \$201,757,000 (2018: \$190,773,000) and the total of these non-current assets located in other countries is \$57,786,000 (2018: \$38,610,000). Segment assets are allocated to countries based on where the assets are located.

38. Remuneration of auditors

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

a. Audit services

| | 2019 \$ | 2018 \$ |
|--|----------------|------------|
| Fees paid to PricewaterhouseCoopers Australian firm | 563,969 | 477,500 |
| Fees paid to related practices of PricewaterhouseCoopers Australian firm | 183,731 | 101,156 |
| Fees paid to non-PricewaterhouseCoopers audit firm | 36,728 | 26,814 |
| Total remuneration for audit services | 784,428 | 605,470 |

b. Other assurance services

| | 2019 \$ | 2018 \$ |
|--|----------------|------------|
| Fees paid to PricewaterhouseCoopers Australian firm | 239,800 | 90,000 |
| Fees paid to related practices of PricewaterhouseCoopers Australian firm | 16,524 | 65,154 |
| Total remuneration for other assurance services | 256,324 | 155,154 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

c. Taxation services

| | 2019 \$ | 2018 \$ |
|--|----------------|----------------|
| Fees paid to PricewaterhouseCoopers Australian firm | 733,897 | 247,059 |
| Fees paid to related practices of PricewaterhouseCoopers Australian firm | 36,690 | 84,772 |
| Total remuneration for taxation services | 770,587 | 331,831 |

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax compliance and advice or where PricewaterhouseCoopers is awarded assignments on a competitive basis.

It is the Group's policy to seek competitive tenders for all major consulting projects.

39. Deed of cross guarantee

Ricegrowers Limited, Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd entered into a deed of cross guarantee on 28 April 2016 under which each company guarantees the debts of the others.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a separate financial report and Directors' report under ASIC Legislative Instrument 2016/785.

a. Consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated retained earnings

The previously mentioned companies represent a "closed Group" for the purposes of the ASIC Legislative Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Ricegrowers Limited, they also represent the "extended closed Group".

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 April 2019 of the closed Group consisting of Ricegrowers Limited, Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd.

| Consolidated statement of profit or loss | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Sales revenue | 966,220 | 957,942 |
| Other revenue | 25,027 | 9,853 |
| Revenue from continuing operations | 991,247 | 967,795 |
| Other income | 1,750 | 1,497 |
| Changes in inventories of finished goods | (8,110) | 14,261 |
| Raw materials and consumables used | (612,611) | (606,687) |
| Employee benefits expenses | (115,520) | (115,736) |
| Depreciation and amortisation expense | (16,836) | (16,469) |
| Finance costs | (8,697) | (9,853) |
| Other expenses | (192,763) | (196,828) |
| Profit before income tax | 38,460 | 37,980 |
| Income tax expense | (13,083) | (11,711) |
| Profit for the year | 25,377 | 26,269 |

Consolidated statement of comprehensive income

| | | |
|--|---------------|---------------|
| Profit for the year | 25,377 | 26,269 |
| Items that may be reclassified to the profit or loss | | |
| Changes in fair value of cash flow hedges | 1,492 | (663) |
| Income tax relating to items of other comprehensive income | (377) | 199 |
| Other comprehensive income for the year, net of tax | 1,115 | (464) |
| Total comprehensive income for the year | 26,492 | 25,805 |

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

| | 2019 \$000's | 2018 \$000's |
|---|-----------------|-----------------|
| Summary of movements in consolidated retained earnings | | |
| Balance 1 May | 194,556 | 186,689 |
| Net profit for the year | 25,377 | 26,269 |
| Dividends provided for or paid | (18,780) | (18,402) |
| Balance 30 April | 201,153 | 194,556 |

b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 April 2019 of the closed Group consisting of Ricegrowers Limited, Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd.

| | 2019 \$000's | 2018 \$000's |
|--|-----------------|-----------------|
| Current assets | | |
| Cash and cash equivalents | 9,336 | 28,307 |
| Receivables | 166,419 | 230,782 |
| Inventories | 276,109 | 451,057 |
| Current tax receivable | - | 1,657 |
| Derivative financial instruments | 1,022 | 761 |
| Total current assets | 452,886 | 712,564 |
| Non-current assets | | |
| Receivables | 667 | 622 |
| Other financial assets | 11,141 | 3,785 |
| Property, plant and equipment | 183,585 | 179,504 |
| Investment properties | 2,900 | 1,150 |
| Intangibles | 12,772 | 7,461 |
| Deferred tax assets | 11,036 | 15,670 |
| Total non-current assets | 222,101 | 208,192 |
| Total assets | 674,987 | 920,756 |
| Current liabilities | | |
| Payables | 119,040 | 130,264 |
| Amounts payable to Riverina Rice Growers | 66,220 | 248,315 |
| Borrowings | 27,404 | 86,114 |
| Current tax liabilities | 4,311 | - |
| Provisions | 20,027 | 20,628 |
| Derivative financial instruments | 899 | 1,863 |
| Total current liabilities | 237,901 | 487,184 |
| Non current liabilities | | |
| Payables | 1,419 | 1,323 |
| Amounts payable to Riverina Rice Growers | - | 25,874 |
| Borrowings | 92,482 | 79,097 |
| Provisions | 2,195 | 2,483 |
| Total non-current liabilities | 96,096 | 108,777 |
| Total liabilities | 333,997 | 595,961 |
| Net assets | 340,990 | 324,795 |
| Equity | | |
| Contributed equity | 122,852 | 111,855 |
| Reserves | 16,985 | 18,384 |
| Retained profits | 201,153 | 194,556 |
| Total equity | 340,990 | 324,795 |

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 50 to 110 are in accordance with the Corporations Act 2001, including:
 - i. complying with Australian 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 2019 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.
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 39 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39.

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



R Gordon
Director

27 June 2019

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the members of Ricegrowers Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Ricegrowers Limited (the Company) and its controlled entities (together the Group or SunRice) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 April 2019 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 April 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, IPSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit, we used overall Group materiality of \$4.0 million, which was based on a combination of profit before tax and revenue-based benchmarks.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose a combination of profit before tax and revenue-based benchmarks, to better reflect the unique nature of SunRice's organisational structure. In our view, revenue is the metric against which the performance of the rice pool business is most commonly measured, because of its non-profit nature. In respect of the profit orientated businesses of the Group, in our view, profit before tax is the metric against which their performance is most commonly measured. By considering both of these benchmarks, we determined a range of potential materiality outcomes, and applied our professional judgement to select a value at the lower end of this range which, in our view, reflects the relativity of the different businesses within the overall operations of the Group.

Audit Scope

- Our audit focused on where the Group has made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We were assisted in the completion of our audit by a component auditor in PNG. For these procedures, we decided on the level of involvement required from us to be able to conclude whether



sufficient appropriate audit evidence had been obtained. Our involvement included issuing written instructions and maintaining an active and open dialogue with the component auditor, including receiving written reports, reviewing their work and attending meetings with local management.

- In planning our work, we ensured that the audit team possessed the appropriate skills, competencies and industry expertise which are needed for the audit of SunRice.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Impairment of assets (\$239.7m carrying value) (Refer to note 15)</p> <p>The impairment of property, plant and equipment was a key audit matter because of the financial significance of their carrying value and because of the judgement by the Group involved in:</p> <ul style="list-style-type: none"> • Assessing whether indicators of impairment existed and whether there were conditions supporting the reversal of previously booked impairment charges • Assessing the expected future use of the Group's assets and the expected future profitability of their related businesses • Estimating the fair value of the Group's assets, using external experts to perform valuations. | <p>We developed our understanding of the business and the industry it operates in to evaluate the Group's assessment of the changes that affected each of its Cash Generating Units (CGUs) and to evaluate whether indicators of impairment existed and whether there were conditions supporting the reversal of previously recognised impairment.</p> <p>Where the Group was assisted by an external expert's valuation to assess the carrying values of tangible fixed assets, we examined the valuation reports obtained by the Group and evaluated the competency, experience, objectivity and qualification of the valuers. We also evaluated the appropriateness of the assumptions and the appropriateness of the methodologies used in the valuation report.</p> <p>We also considered the adequacy of the Group's disclosures in the financial report in relation to impairment in the light of requirements of the Australian Accounting Standards.</p> |



| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p><i>Inventory valuation and existence (\$361.4m)</i> (Refer to note 12)</p> <p>This was a key audit matter because:</p> <ul style="list-style-type: none"> • Inventory is a significant asset to the Group and there are multiple types of inventory items using different costing techniques • Judgement was required in estimating future selling prices used in valuing other finished product inventory at net realisable value • Providing for quality or obsolescence issues required assumptions on the potential future use of inventory items • As a normal part of the Group's operations, a significant amount of inventory was transferred between group entities, which required a material consolidation adjustment to eliminate unrealised intercompany profits at year end. | <p>To test the valuation of inventory we:</p> <ul style="list-style-type: none"> • Tested the Group's valuation of the crop harvested in 2018 to the performance of the paddy pool, including assumptions used in applying the crop carry over policy. • Tested the costing of a sample of inventory items across the range of inventory types by tracing costs to supporting documentation. • Reviewed the Group's processes for identifying quality or obsolescence matters and assessed the appropriateness of the provisions raised through obtaining an understanding of the planned use of the inventory. • Tested a sample of sales adjustments processed in May 2019 for additional evidence of customer claims, quality or other net realisable value issues. <p>To test inventory existence we:</p> <ul style="list-style-type: none"> • Attended inventory counts at significant locations, counting a sample of items from the inventory listing. • Tested whether identified variances were appropriately explained by management or adjusted in the final inventory listing. • Tested a sample of cycle count procedures for inventory. • Obtained confirmations from third parties regarding the existence of inventory held at third party locations. |
| <p><i>Calculation of net deferred tax asset (\$14.9m) and income tax expense (\$15.6m)</i> (Refer to note 18, 9)</p> <p>The calculation of taxation balances was a key audit matter because the Group operates in a number of jurisdictions with different laws, regulations and authorities resulting in complex tax calculations. Judgement is involved in a number of aspects of the tax calculations, including the assessment of the recognition of tax losses.</p> | <p>We assessed the rationale on which current tax was calculated and deferred tax assets and liabilities were recognised.</p> <p>We evaluated the Group's assessment of the recoverability of deferred tax assets by considering the Group's forecasts of future performance.</p> <p>We also considered and challenged the assumptions made by the Group in making judgemental tax provisions and were assisted in our understanding by PwC tax specialists.</p> |



Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 April 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 33 to 47 of the directors' report for the year ended 30 April 2019.

In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

The PricewaterhouseCoopers logo, written in a large, elegant, black cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, reading 'P. J. Carney'.

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
27 June 2019

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 25 June 2019.

Distribution of equity securities (B Class shares only)

The analysis of numbers of equity security holders by size of B Class shareholding is set out in the table below:

| Holding | Number |
|------------------|-------------------|
| 1 - 1000 | 155,756 |
| 1,001 - 5,000 | 1,788,817 |
| 5,001 - 10,000 | 3,028,100 |
| 10,001 - 100,000 | 30,039,475 |
| 100,001 and over | 23,713,265 |
| | 58,725,413 |

There were 15 holders of less than a marketable parcel of ordinary B Class shares.

Equity security holders (B Class shares only)

The names of the twenty largest holders of quoted B Class equity securities are listed below:

| Rank | Shareholder | No. of B Class Shares | % of issued B Class Shares |
|------|--|-----------------------|----------------------------|
| 1 | MENEGAZZO ENTERPRISES PTY LTD | 2,975,833 | 5% |
| 2 | AUSTRALIAN FOOD & AGRICULTURE COMPANY LIMITED | 2,365,086 | 4% |
| 3 | PACIFIC CUSTODIANS PTY LIMITED | 998,080 | 2% |
| 4 | GERMANICO SUPER PTY LTD | 820,217 | 1% |
| 5 | DELLAPOOL NOMINEES PTY LTD | 807,809 | 1% |
| 6 | INDARA HOLDINGS PTY LTD | 559,883 | 1% |
| 7 | MR ALAN DAVID WALSH | 492,285 | 1% |
| 8 | AMBO FARMS PTY LTD | 434,279 | 1% |
| 9 | TAURIAN PTY LTD | 402,529 | 1% |
| 10 | INDUSTRY DESIGNS PTY LTD | 381,790 | 1% |
| 11 | NIGEL GEOFFREY LAMOND & KATHARINE JANET LAMOND | 377,201 | 1% |
| 12 | NEIL WILLIAM ROSE & BEVERLEY EDNA ROSE | 328,413 | 1% |
| 13 | GF & SB LAWSON PTY LTD | 327,139 | 1% |
| 14 | OJ MINATO PTY LTD | 302,688 | 1% |
| 15 | AQUARIAN SUPER PTY LTD | 301,140 | 1% |
| 16 | FS FALKINER & SONS PTY LTD | 300,170 | 1% |
| 17 | YARRANVALE ESTATES PTY LTD | 295,294 | 1% |
| 18 | ROY MILTON BRAIN & ANITA MARGARET BRAIN | 283,447 | 0% |
| 19 | PETER SALVESTRO LANDFORMING PTY LTD | 280,818 | 0% |
| 20 | FRANK ANTHONY DAL BON & JAN BRONWEN DAL BON | 265,434 | 0% |
| | | 13,299,535 | 23% |

*Shareholdings related to KMP including Directors are detailed in the Remuneration Report.

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

Substantial holders (B Class shares only)

Substantial B Class shareholders in the company are set out below:

| Shareholder | No. of B Class Shares | % of issued B Class Shares |
|-------------------------------|-----------------------|----------------------------|
| MENEGAZZO ENTERPRISES PTY LTD | 2,975,833 | 5% |

Under the Ricegrowers Limited Constitution, a B Class Shareholding Limit restricts a person (together with their associates) from holding more than 10% of the total number of B Class Shares on issue. In this context, a person will be deemed to "hold" a B Class Share if they have a relevant interest in that Share. If a person acquires B Class Shares in excess of the B Class Shareholding Limit, all rights (including voting and dividend rights) of that person in respect of the excess B Class Shares will be suspended, and the Directors may procure the disposal of the excess B Class Shares.

SHAREHOLDER INFORMATION CONTINUED

The continuation of the B Class Shareholding Limit is required to be approved by A Class Shareholders at SunRice's tenth annual general meeting after Listing and at each third annual general meeting thereafter. However, any removal of or variation to the B Class Shareholding Limit will require a special resolution (75% majority of the votes cast) of the A Class Shareholders and of the B Class Shareholders. If the requisite voting majorities to either retain or change the B Class Shareholding Limit are not achieved, the existing 10% B Class Shareholding Limit will remain in place through the Constitution, until such time as Shareholders can agree on a new B Class Shareholding Limit.

Dual class share structure and limited voting rights

SunRice has a dual class share structure, with B Class Shares being able to be held by investors generally and A Class Shares being limited to Active Growers. This structure is designed to meet the needs of SunRice and its existing Shareholders, while giving investors exposure to the financial performance of SunRice.

Investors in SunRice hold B Class Shares, which have limited voting rights. In particular, B Class Shares do not confer on their holders the right to vote at a general meeting of SunRice and will only have voting rights on matters that constitute a variation of the B Class Share class rights and as required by the ASX Listing Rules. B Class Shareholders do not have the right to vote on the election of Directors or (except in relation to amendments which constitute a variation of the B Class Share class rights) on amendments to the Constitution. These matters are controlled by the A Class Shareholders. At the time of releasing the Information Memorandum on 1 March 2019, SunRice's internal analysis indicated that A Class Shareholders held approximately 45% of the B Class Shares on issue. Following the approval of A Class Applications and Redemptions by the Board on 27 June 2019, SunRice's internal analysis indicates that A Class Shareholders will hold approximately 42% of the B Class Shares on issue.

It should be noted that the interests of A Class Shareholders are in achieving returns through Paddy Prices. The interests of B Class Shareholders are in achieving dividends on B Class Shares and improvement in the market price of B Class Shares. These interests have diverged since SunRice's dual class share structure was put in place on incorporation, and the proportion of B Class Shares held by A Class Shareholders has decreased. In making any decision, the SunRice Board must have regard to its duties under the Corporations Act and the general law to act in the best interests of the SunRice Group as a whole. SunRice Directors have actively managed these divergent interests for more than 10 years and the Directors believe they have demonstrated a strong track record in balancing the interests of both classes of Shareholders. In addition, the Board has adopted procedures to manage any potential conflict or divergence of interests which may arise, including delegating the decision to a committee of unconflicted Directors. These procedures are set out in the SunRice Conflict of Interest Policy and the Paddy Pricing Policy. Copies of both policies are available on SunRice's website.

Summary of SunRice's non-standard elements

The structure of Ricegrowers Limited contains non-standard elements, including:

1. The Company has a dual class share structure with differential voting rights:
 - A Class Shares, which are redeemable preference shares, confer on their holders the right to vote at general meetings of the Company. A Class Shareholders have no right to dividends or distributions, other than the right to be repaid the amount paid up on the A Class Shares on redemption or a winding up of the Company. A Class Shares are not quoted on the ASX and can only be held by Active Growers.
 - B Class Shares, which are quoted on ASX, confer on their holders the right to receive dividends but no right to vote at general meetings. The right of B Class Shareholders to vote on matters relating to the Company is limited to proposals involving a variation to their class rights (including those matters deemed to vary their class rights under the Company's constitution) and as required for the purposes of the ASX Listing Rules.
2. The Company's constitution imposes the following shareholding limits on A Class Shares and B Class Shares:
 - A Class Shareholding Limit: a person must not hold more than 5 A Class Shares.
 - B Class Shareholding Limit: a person must not hold a number of B Class Shares which, when aggregated with any B Class Shares held by all associates of that person, exceeds 10% of the total number of issued B Class Shares.
3. Under the Company's constitution, the board of directors of the Company can include up to 11 directors, comprising:
 - up to three Grower Directors who are elected members of the Rice Marketing Board for the State of New South Wales (RMB). These directors will hold office for the same period as their term of office as elected members of the RMB;
 - up to four other Grower Directors. These directors will hold office for four years or such other periods as the A Class Shareholders may determine in a general meeting; and
 - up to four Non-Grower Directors, one of whom may be an employee of the Company. These directors will hold office for such term as the A Class Shareholders may determine in general meeting, except that the managing director is not subject to the retirement requirements of the constitution.

CORPORATE DIRECTORY

SUNRICE REGISTERED OFFICES

REGISTERED OFFICE

57 Yanco Avenue,
Leeton, NSW, 2705
Australia
Tel +61 2 6953 0411

RICE MILLS AND PACKAGING PLANTS

Leeton

Calrose Street,
Leeton, NSW, 2705
Australia
Tel +61 2 6953 0522

Deniliquin

Ricemill Road,
Deniliquin, NSW, 2710
Australia
Tel +61 3 5881 0211

Coleambally

Jimmy Cull Road,
Coleambally, NSW, 2707
Australia
Tel +61 2 6954 4911

Brandon

Colevale Road,
Brandon, QLD, 4808
Australia
Tel +61 7 4784 1410

Lae

Mataram Street,
Lae, MP 411
Papua New Guinea
Tel +675 472 2466

Aqaba

Southern Seashore
PO Box 1689
Aqaba 77110
Jordan
Tel +962 6 420 6829

MARKETING OFFICES

Sydney

Level 24, MLC Centre, 19 Martin Place,
Sydney, NSW, 2000
PO Box Q166, QVB Post Shop, NSW, 1230
Australia
Tel +61 2 9268 2000

Melbourne

Level 1, Tower 1,
1341 Dandenong Road,
Chadstone, VIC, 3148
PO Box 21, Chadstone Centre, VIC, 3148
Australia
Tel +61 3 8567 1000

Jordan

Aloz Street, Al-Mokablein
PO Box 182418
Amman
Jordan
Tel +962 6 420 6829

Japan

Australian Ricegrowers
Level 2, Cross Point Building
3-29-1 Ebisu, Shibuya-ku,
Tokyo, 150-0013
Japan
Tel +813 3448 1930

COPRICE FEED MILLS

Leeton

Railway Avenue, Leeton, NSW, 2705
Locked Bag 2, Leeton, NSW, 2705
Australia
Tel +61 2 6953 0422

Tongala

Finlay Road,
Tongala, VIC, 3621
PO Box 109, Tongala, VIC, 3621
Australia
Tel +61 3 5859 3999

Cobden

Corner L Graylands & Warnambool Roads,
Cobden, VIC, 3266
PO Box 104, Cobden, VIC, 3266
Australia
Tel +61 3 5558 2500

SUBSIDIARIES

Riviana Foods Pty Ltd

Level 1, Tower 1,
1341 Dandenong Road,
Chadstone, VIC, 3148
PO Box 21, Chadstone Centre, VIC, 3148
Australia
Tel +61 3 8567 1000

Roza's Gourmet Pty Ltd

2/87 Jijaws Street
Sumner Park QLD 4074
Australia
Tel +61 300 667 357

Trukai Industries Limited

Mataram Street,
Lae, MP 411
PO Box 2129, Lae, MP 411
Papua New Guinea
Tel +675 472 2466

Solomons Rice Company Limited

Trading as SolRice
Ranadi, Honiara
PO Box 5, Honiara
Solomon Islands
Tel +677 30826

SunFoods LLC

1620 E. Kentucky Avenue
Woodland
California, USA
Tel +1 530 661 1923

SunFoods LLC - Oahu

Hawaii Sales Office
99-910 Iwaena Street
Suite B Aiea,
HI 96701, USA
Tel +1 808 488 3435

Ricegrowers Singapore Pte Ltd

47A/B Duxton Road
Singapore 089515
Tel +65 6904 5633

Ricegrowers Middle East DMCC (operating as SunRice)

Unit 25 F&G, Level 25, Almas Tower
Jumeirah Lake Tower
PO Box 128033
Dubai, UAE
Tel +971 4458 5480

Lap Vo Dong Thap Food Company Limited

MG1-12A, Commercial Quarter Vincom
Center Can Tho,
209 30/4 Street, Xuan Khanh Ward
Ninh Kieu District, Can Tho City
Vietnam
+84 292 362 7777

Australian Grain Storage Pty Ltd

57 Yanco Avenue
Leeton NSW 2705
Australia
Tel +61 2 6953 0411

Rice Research Australia Pty Ltd

57 Yanco Avenue
Leeton NSW 2705
Australia
Tel +61 3 5886 1391

DIRECTORS

Laurie Arthur

Chairman

Non-executive Director – Grower

Rob Gordon

Chief Executive Officer

Executive Director – Non-Grower

Luisa Catanzaro

*Non-executive Independent Director –
Non-Grower*

Ian Glasson

*Non-executive Independent Director –
Non-Grower*

Andrew Crane

*Non-executive Independent Director –
Non-Grower*

Gillian Kirkup

*Non-executive Director – Grower
(Elected RMB Director)*

John Bradford

*Non-executive Director – Grower
(Elected RMB Director)*

Ian Mason

*Non-executive Director – Grower
(Elected RMB Director)*

Glen Andreazza

Non-executive Director – Grower

Mark Robertson

Non-executive Director – Grower

Dr Leigh Vial

Non-executive Director – Grower

COMPANY SECRETARY

Mandy Del Gigante

CORPORATE MANAGEMENT TEAM

Rob Gordon

Chief Executive Officer

Dimitri Courtelis

Chief Financial Officer

Simone Anderson

*General Manager, Integrated Supply
Chain*

Stephen Forde

*Chief Executive Officer, Riviana Foods
Pty Ltd*

Tom Howard

*General Manager, Global Agribusiness
and Sustainability*

David Keldie

*General Manager, Global Consumer
Markets*

Peter McKinney

General Manager, CopRice

Matt Alonso

Chief Executive Officer, SunFoods LLC

Greg Worthington-Eyre

*Chief Executive Officer, Trukai Industries
Limited*

AUDITOR

PricewaterhouseCoopers

*One International Towers
Watermans Quay
Barangaroo, NSW 2000
Australia*

SOLICITORS

Addisons

*Level 12, 60 Carrington Street,
Sydney, NSW 2000
Australia*

King & Wood Mallesons

*Level 61 Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia*

BANKERS

Commonwealth Bank of Australia

*Tower 1
201 Sussex St
Sydney, NSW 2000
Australia*

**Australia and New Zealand Banking
Group Limited**

*161 Castlereagh Street
Sydney, NSW 2000
Australia*

**The Hong Kong and Shanghai Banking
Corporation Limited, Sydney Branch**

*100 Barangaroo Avenue
Sydney, NSW 2000
Australia*

**Coöperatieve Rabobank U.A., Australia
Branch**

*Level 16, Darling Park Tower 3
201 Sussex Street
Sydney, NSW 2000
Australia*

Westpac Banking Corporation

*275 Kent Street
Sydney, NSW 2000
Australia*

SHARE REGISTRY

Link Market Services Limited

*Locked Bag A14
Sydney South, NSW 1235
Australia*

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of Ricegrowers Limited will be held at the Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, with registration commencing at 9.30am on Thursday 22 August 2019.

STOCK EXCHANGE LISTING

Ricegrowers Limited's B Class Shares are listed on the Australian Securities Exchange (ASX) – code SGLLV.

WEBSITE

www.sunrice.com.au

