

## RICEGROWERS LIMITED PROSPECTUS



**For the Issue of B Class Shares to Existing  
SunRice Shareholders**

Ricegrowers Limited ABN 55 007 481 156 trading as SunRice

# CHAIRMAN'S LETTER

Dear Shareholder,

This Prospectus sets out an Offer to existing Shareholders in Ricegrowers Limited, (trading as SunRice), to subscribe for additional B Class Shares in the Company. The Offer aims to raise the level of permanent capital in the business and represents the third stage in SunRice's Capital Raising Program.

As a company, it is imperative that we maintain, and further develop, a strong capital base to give us the necessary financial strength and flexibility to make sound decisions and long-term commitments.

Until recently SunRice has relied on compulsory Rice Bonds to provide a "semi-permanent" source of rollover loan capital for the business. The Offer of B Class Shares made under this Prospectus is part of SunRice's preferred strategy to encourage Shareholders to convert their Rice Bonds into permanent share capital.

Approximately \$28 million is represented by the various series of Rice Bonds, which will mature over the next two years up to 30 June 2010 and SunRice is seeking to achieve the maximum level of conversion of Rice Bonds to B Class Shares. Rice Bonds that mature after 30 June 2008 that are applied to pay for B Class Shares will earn the relevant interest up to the date on which the Shares are issued.

As a means of encouraging further investment in SunRice, arrangements have been put in place to enable Shareholders to apply their 2008 RMB Equity Rollover Payment to pay up B Class Shares under this Prospectus. Shareholders may also use cash to participate in the Offer.

Accordingly, the Offer has been structured to enable Shareholders to apply and pay for Shares by using any Rice Bonds they own, or the 2008 RMB Equity Rollover Payment, or cash, or any combination of the foregoing. All new B Class Shares will be eligible to participate in any dividend paid in respect of the year ending 30 April 2009.

It is important that we highlight to Shareholders that, if SunRice is unable to raise the necessary level of permanent share capital from existing Shareholders, it is inevitable that the Company will have to consider other options, including seeking approval to raise funds from investors that are not existing Shareholders.

To ensure that the maximum conversion of Rice Bonds and RMB Equity into B Class Shares is achieved, it is the Board's current intention to make further Capital Raising Program Offers to Shareholders in subsequent years.

As you know the Company has been admitted to the official list of the National Stock Exchange of Australia ("NSX") and Shareholders can now trade their B Class Shares with other Shareholders of the Company (subject to maximum Shareholding limits). The SunRice Board regards Grower ownership as an important part of our business structure and success. Through this Offer, Directors are providing the opportunity for existing Shareholders to further grow their investment in SunRice.

Since the commencement of trading on NSX, on 18 June 2007, B Class Shares have traded at prices between \$2.50 and \$1.50. As anticipated by KPMG in their Independent Expert's Report prepared in relation to the restructure of the Company from a co-operative, the market price of B Class Shares may not fully reflect the underlying value of the Company due to the restricted nature of the market. The Board has taken this, the intended dividend, and the fact that a relatively small number of B Class Shares have been traded on NSX, into consideration when setting the issue price of \$2.14 for the New Shares.

In October 2007, the Company issued a Prospectus under which Shareholders were able to subscribe for additional B Class Shares at an issue price of \$2.14. The share offer in October 2007 was the second stage in SunRice's Capital Raising Program and raised a total of \$11.8 million through the issue of new B Class Shares.

I encourage you to read this Prospectus and to continue to support your business by subscribing for Shares under the Offer. Your completed Application Form and Payment Direction Form, (if applicable), must be received by 30 June 2008.

Yours sincerely,

Gerry Lawson



Chairman

## IMPORTANT INFORMATION

This Prospectus is dated 13 June 2008 and was lodged with ASIC on that date. Neither ASIC nor the NSX takes any responsibility for the contents of this document.

Applications for Shares under this Prospectus must be received by the Company by 5.00pm on 30 June 2008. No Shares will be allotted or issued on the basis of this Prospectus later than 15 September 2008 being the expiry date of this Prospectus.

Summary of Key Dates	
Date of Prospectus	13 June 2008
Date Prospectus lodged with ASIC	13 June 2008
Date and time Applications for Shares under this Prospectus close	30 June 2008
Expiry date of Prospectus	15 September 2008

It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

### Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Shares or to otherwise permit a public offer of Shares outside Australia.

### Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors.

### Electronic Prospectus

This Prospectus may be viewed online at [www.sunrice.com.au](http://www.sunrice.com.au). The offer constituted by this Prospectus in electronic form is only available to Shareholders who receive the electronic version of this Prospectus in Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Applications for Shares may only be made on the Application Form attached to this Prospectus. The Application Form may be printed from the electronic version on the website. A paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Company on 1800 654 557.

## **Forward Looking Statements**

This Prospectus may contain forward looking statements which have not been based solely on historical facts but on the Company's expectations about future events and results. You should consider that as such statements relate to future matters they are subject to various inherent risks, uncertainties and assumptions that could cause actual results or events to differ materially from expectations described in the forward looking statement. Neither the Company, the Directors, nor any other person named, with their consent, in this Prospectus can assure you that any forward looking statement or implied result will be achieved.

## **Other Documents**

As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. In particular, the Company is obliged to comply with the continuous disclosure requirements in the NSX Listing Rules. Copies of documents lodged with ASIC may be obtained from, or inspected at, an office of ASIC. The Company will provide a copy of any of the following documents free of charge upon request:

- The Annual Financial Report of the Company for the financial year ended 30 April 2008 and the related Directors' Report and Audit Report.
- Any Half Year Financial Report lodged with ASIC and any continuous disclosure notices given to NSX by the Company during the period commencing immediately after the lodgement of the Annual Financial Report and ending on the date of lodgement of this Prospectus with ASIC.

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# 1. INVESTMENT OVERVIEW

The information in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Shareholders must read this entire Prospectus in order to make an informed investment decision, including the risks described in Section 4.

## 1.1 The Offer

Under the Share Issue, New Shares are offered for subscription by Shareholders or their Approved Entities.

The issue price of all New Shares will be \$2.14. Shareholders may apply the following to pay for New Shares:

- (a) Cheque or bank draft or electronic funds transfer; and/or
- (b) Rice Bonds at face value of any series; and/or
- (c) The RMB Equity Rollover Payment, due to be paid in July 2008.

New Shares will be issued as fully paid up and will be entitled to any dividends declared in respect of the year ended 30 April 2009.

No brokerage, commission or stamp duty is payable by Applicants for New Shares under the Offer.

You should refer to Section 2 for full details of the Offer.

## 1.2 Purpose of the Offer

In October 2007, the Company issued a Prospectus under which Shareholders were able to subscribe for additional B Class Shares either by paying cash or by applying their Rice Bonds. The share offer in October 2007 was the second stage in SunRice's Capital Raising Program and raised a total of \$11.8 million through the issue of new B Class Shares.

SunRice is continuing the Capital Raising Program through the Offer set out in this Prospectus with a view to raising the Company's level of share capital and encouraging the conversion of Rice Bonds and RMB Equity into B Class Shares. The Board intends that, similar offers will be made in the future to ensure that the maximum conversion of Rice Bonds and RMB Equity into B Class Shares is achieved.

The share capital raised through this Share Issue will help ensure that the Company maintains and further develops a strong capital base to provide it with the necessary financial strength and flexibility to make sound decisions and long-term commitments.

Traditionally, SunRice has relied on its member base to provide capital for the business. SunRice initially relied on compulsory Rice Bonds, whereby growers provided annual contributions that were paid out, or redeemed, in later years. In turn those redemptions were funded by further ongoing contributions. In this way a pool of "semi-permanent" or "rollover" capital was provided by growers to fund the business.

As a result of legislative changes, compulsory Rice Bonds became an inefficient source of capital and SunRice began to issue voluntary Rice Bonds. This change coincided with the onset of the drought and there was a relatively low uptake of these voluntary Rice Bonds. Consequently as compulsory Rice Bonds matured there was a net depletion of "semi-permanent" capital.

Going forward SunRice is seeking to encourage Shareholder investment in the business and restructure the profile of its capital base from “semi-permanent” rollover funds to “permanent” share capital. Consequently SunRice is now proposing to replace the existing “rollover” debt capital (i.e. Rice Bonds), which is maturing over the coming years, with permanent share capital.

The SunRice Board regards Grower ownership as an important part of our business structure. Through this Offer Directors are providing the opportunity for existing Shareholders to further grow their investment in SunRice.

By allowing Shareholders to apply their Rice Bonds and their RMB Equity Rollover Payment, due to be paid in July 2008, to pay for all, or part of, the issue price of their New Shares, the Company will be facilitating the conversion of Rice Bonds and RMB Equity into B Class Shares, thereby strengthening its permanent capital base.

In the event that SunRice is unable to raise the necessary level of permanent share capital from existing Shareholders, it is inevitable that the Company will have to consider other options, including seeking approval to raise funds from investors that are not existing Shareholders.

### **1.3 Investment Risks**

Shareholders should carefully read the section on risk factors outlined in Section 4.

## **2. DETAILS OF THE OFFER**

### **2.1 Description of the Offer**

Under the Share Issue, New Shares are offered for subscription by Shareholders or their Approved Entities.

The issue price of all New Shares will be \$2.14. Shareholders may apply the following to pay for New Shares:

- (a) Cheque, bank draft or electronic funds transfer; and/or
- (b) Rice Bonds at face value; and/or
- (c) The RMB Equity Rollover Payment, due to be paid in July 2008.

No brokerage, commission or stamp duty is payable by Applicants for Shares under the Offer.

There is no minimum number of B Class Shares offered under this Prospectus. The maximum number of B Class Shares that can be issued under this Prospectus is set by NSX Listing Rule 6.25(1) which provides that, subject to certain exceptions, the Company can not issue a number of new Shares in any twelve (12) month period which would exceed 15% of its share capital without Shareholder approval. Shareholder approval has been previously obtained to enable the issue of all B Class Shares paid for by application of Rice Bonds or RMB Equity and for the issue of up to 5,127,133 B Class Shares paid for by way of cash subscription.

### **2.2 Eligibility**

New Shares can only be subscribed for and issued to Shareholders or their Approved Entities in accordance with the terms of the Share Issue. New Shares will not be issued if it would result in a breach of the maximum Shareholding restrictions in the Constitution, as outlined in Section 2.5.

### **2.3 Issue Price and Payment Options**

During the period from the commencement of trading on the NSX, on 18 June 2007 until 6 June 2008, B Class Shares have traded at prices between \$2.50 and \$1.50. As anticipated by KPMG in their Independent Expert's Report prepared in relation to the restructure of the Company from a co-operative, the market price of B Class Shares may not fully reflect the underlying value of the Company due to the restricted nature of the market. The Board has taken this, the intended dividend, and the fact that a relatively small number of B Class Shares have been traded on NSX when setting the issue price of \$2.14 for the New Shares.

In October 2007, the Company issued a Prospectus under which Shareholders were able to subscribe for additional B Class Shares at an issue price of \$2.14. The share offer in October 2007 was the second stage in SunRice's Capital Raising Program and raised a total of \$11.8 million through the issue of new B Class Shares.

The issue price of each New Share is \$2.14. Shareholders may pay up the issue price of New Shares by means of cheque or bank draft or electronic funds transfer, Rice Bonds at face value, or the RMB Equity Rollover Payment, due to be paid in July 2008.

Rice Bonds with a maturity date after 30 June 2008 that are applied to pay for New Shares will be entitled to pro rata interest up to the date on which the New Shares are issued.

In order to apply Rice Bonds, or the RMB Equity Rollover Payment to pay all or part of the issue price of New Shares, Applicants must complete both the Application Form and the relevant Payment Direction Form.



## 2.4 Share Capital Structure

There are two classes of Shares in the Company, A Class Shares and B Class Shares.

The Company has the following Share capital structure as at the date of this Prospectus:

Issued Share Capital	Number of Issued Shares	Amount Paid Up A\$
A Class Shares	1,106	Nil
B Class Shares	34,180,889	54,195,026

The number of additional B Class Shares on issue after the Share Issue will depend on the number of New Shares that are subscribed for and issued.

The Offer relates to B Class Shares only.

## 2.5 Rights and liabilities of B Class Shares

The rights attaching to ownership of the B Class Shares of the Company arise from a combination of:

- (a) the Constitution of the Company; and
- (b) in certain circumstances, the Corporations Act, the NSX Listing Rules and the general law.

### *Dividend and distribution rights*

B Class Shares represent the economic ownership of the Company. B Class Shares have the right to receive dividends declared and other distributions made by the Company from time to time.

B Class Shares have the right to participate equally with other B Class Shareholders in the distribution of surplus funds on a winding up of the Company.

### *Voting rights*

B Class Shares do not carry any voting rights (except in very limited circumstances associated with changing the rights attached to B Class Shares).

### *Notices*

The B Class Shares have no right to receive notice of or attend any general meeting of the Company. However, each B Class Shareholder is entitled to accounts and other documents required to be sent to Shareholders pursuant to the Constitution, the Corporations Act, and the NSX Listing Rules.

### *Issue of B Class Shares*

B Class Shares can only be issued to:

- (a) A Class Shareholders or persons to whom the Directors have agreed to issue an A Class Share;
- (b) Persons who, at the time of the issue, are existing B Class Shareholders; and

- (c) Approved Entities of existing Shareholders (in relation to Shareholder superannuation funds approved by the Board).

### *Transfer of B Class Shares*

B Class Shares can be transferred to another Shareholder or to an Approved Entity of a Shareholder (subject to maximum shareholding limits). B Class Shares that vest in a person, such as an executor, trustee in bankruptcy or liquidator, upon the occurrence of a Transmission Event are subject to the same limitations on transfer from that person, namely they can only be transferred to a Shareholder, or Approved Entity of a Shareholder.

An application will be made to NSX for Quotation of the new B Class Shares issued under this Prospectus within seven days after the date of this Prospectus.

### *Maximum shareholding limits*

A person cannot hold a number of B Class Shares that, when aggregated with any B Class Shares held by all Associates of that person, exceeds 5% of the total number of issued B Class Shares.

### *Non-redeemable*

B Class Shares are not redeemable. B Class Shares may be bought back by the Company in accordance with the Corporations Act.

### *Liability to pay issue price*

Shareholders are liable to pay the amount, if any, unpaid on B Class Shares. As all B Class Shares issued under this Prospectus will be fully paid, the holders of those Shares will have no liability in this respect.

## **2.6 How to Apply for Shares Under the Offer**

Applications under the Offer will only be accepted on the Application Form attached to this Prospectus. The Application Form includes detailed instructions on how to complete the form. An Application constitutes an offer to the Company to subscribe for Shares on the terms and conditions set out in this Prospectus.

The completed Application Form must be delivered to the registered office of the Company by 5pm on the Closing Date.

## **2.7 Closing Date**

The Closing Date specified in the Application Form is 30 June 2008. However, the Company reserves the right to extend the Closing Date in its sole discretion.

## **2.8 Allotment and Issue**

New Shares applied for will be issued as soon as possible after the Closing Date, subject to payment of the issue price. New Shares will not be issued if the issue would result in a breach of the Constitution or any law.

## **2.9 Application Monies and Application to NSX**

In accordance with Section 722 of the Corporations Act, all Application Monies will be held in trust by the Company until the Shares are issued.

An application will be made to NSX for Quotation of the New Shares issued under this Prospectus within seven days after the date of this Prospectus.

If Quotation of the New Shares is not granted within three months of the date of this Prospectus the Company will refund Application Monies in accordance with section 723(3) of the Corporations Act.

No interest will be paid on any Application Monies refunded as a result of withdrawal of the Offer or the failure of the New Shares to be quoted on the NSX within three months of the date of this Prospectus or otherwise. Any refunds will be mailed to unsuccessful Applicants as soon as practicable.

## **2.10 Proposed Application of Funds Raised**

The Company proposes to apply the funds raised from the allotment of New Shares pursuant to the Offer to raise funds to replace Rice Bonds and for use in the ongoing growth of the SunRice business.

## **2.11 Shareholding Ownership Statements**

The Company will mail Shareholding ownership statements to successful Applicants within two months following the issue and allotment of the New Shares.

## **2.12 Taxation**

The acquisition and disposal of Shares in the Company will have taxation consequences, which will differ depending upon the personal circumstances of each Shareholder. Shareholders should seek their own taxation advice from a suitably qualified advisor in relation to the taxation consequences of subscribing for Shares under this Prospectus.

## **2.13 Discretion Not to Proceed**

The Company reserves the right not to proceed with the Offer at any time. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of withdrawal of the Offer or otherwise.

## **2.14 Enquiries**

Questions relating to this Prospectus should be directed to the Company on 1800 654 557.

Applicants with questions on how to complete the Application Form, or on the contents of this Prospectus, should contact their stockbroker, accountant, lawyer or other professional adviser.

### **3. FINANCIAL INFORMATION**

#### **3.1 Right to obtain copy of financial reports and disclosure notices**

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date by contacting the Company on 1800 654 557:

- The Annual Financial Report of the Company for the year ended 30 April 2008 as lodged with ASIC;
- Any Half Year Financial Report lodged in relation to the Company with ASIC and any continuous disclosure notices given by the Company to NSX, in the period starting immediately after lodgement of the Annual Financial Report and ending on the date of lodgement of this document with ASIC.

Copies of other documents lodged by the Company with ASIC may be obtained from, or inspected at an office of ASIC.

#### **3.2 Effect of the Offer on the Company**

The purpose of the Share Issue is to:

- Raise capital to ensure that the Company maintains and further develops a strong capital base to provide it with the necessary financial strength and flexibility to make sound decisions and long-term commitments; and
- To facilitate the conversion of Rice Bonds and RMB Equity into B Class Shares, thereby further strengthening the Company's permanent capital base.

The Share Issue is expected to have the following effect on the financial position of the Company:

- Total proceeds of the Share Issue received will be utilised to reduce the Company's liabilities in respect of Rice Bonds and its bank facilities. The quantum of the reduction can only be determined on finalisation of the Share Issue.
- The total number of B Class Shares after the Share Issue will be determined on finalisation of the Share Offer.
- The resulting reduction in liabilities and increase in paid up capital will strengthen the financial position of the Company and should improve the ability of the Company to access further loan facilities, should it choose to do so.
- Rice Bond interest payments will cease to be payable on the Rice Bonds applied to pay up New Shares. The quantum of the reduction can only be determined at the Closing Date of the Share Offer.

## **4. INVESTMENT RISKS**

Every investment in shares in a company involves an element of risk. Before accepting the Offer, you should consider whether the New Shares are suitable securities for you to acquire, having regard to your own investment objectives and financial circumstances.

The business activities of SunRice give rise to a number of significant business and financial risks which are inherent in the Australian rice industry and the international market for rice foods. To minimise industry-specific risks the Company has established risk management procedures which are internally and externally reviewed on a regular basis.

The factors detailed below should not be taken as an exhaustive list of the risks faced by the Ricegrowers Group or its investors. These factors and others not specifically referred to may materially affect the profitability of the Ricegrowers Group and the value of the Shares.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for B Class Shares.

### **4.1 Supply of Australian Rice**

SunRice is exposed to fluctuations in the volume and quality of rice supplied by Australian rice growers. Fluctuations in volumes of supply may, when surplus to expectation, result in greater volumes being sold on the world market at prevailing commodity prices, or, when in short supply, endanger market relationships and/or result in under-recovery of milling overheads.

SunRice is continuing its efforts to build its international presence and relationships in order to ensure that increasing volumes of high quality Australian rice can be placed in stable and profitable high returning markets. SunRice has also established a rice trading strategy which, in times of low Australian rice crops, aims to enable it to maintain a presence in some of these high returning markets by supplying quality assured SunRice branded product.

### **4.2 Supply of Overseas Rice**

SunRice's trading strategy enables it to access rice from international suppliers to meet market requirements. With the continuing drought conditions in Australia, SunRice remains highly dependent on this strategy.

The world rice market is currently experiencing volatile conditions, as supply constraints in major rice exporting countries have resulted in sharp increases in international rice prices. The success of the trading strategy is dependent upon the ability to source regular supplies of high quality rice at a competitive price. Fluctuations in world prices can significantly adversely impact the availability and profitability of rice trading.

SunRice is continuing to consider and implement alternative sourcing and processing strategies to ensure the efficient and continuous supply of rice supplies from established sources in Thailand, Vietnam, China, US, Egypt and India.

### **4.3 Availability of Water/Drought**

In recent Crop Years, the volume of rice available from Growers has been adversely affected by drought conditions and the resultant limited access to water from the irrigation schemes that service Growers.

SunRice seeks to mitigate the risk of short crops by carrying over rice from the preceding Crop Year, where this is possible, primarily to support important domestic and strategic export markets, and through its rice trading operations and alliances which enable it to access rice from international suppliers to meet market requirements in overseas markets. SunRice constantly monitors the availability of water and anticipated rice production and will continue to assess and, if necessary, adjust its infrastructure, resources and funding in response to these conditions.

## **4.4 Domestic Deregulation**

In accordance with amendments to the Marketing of Primary Products Act (now called the Rice Marketing Act), which took effect on 1 July 2006, the RMB may appoint additional authorised buyers who will have the right to purchase rice from producers in New South Wales. This has the potential to affect the Company's market share of domestic rice sales. However, as the Company has retained its position as the sole exporter of New South Wales rice, the effect will be limited to the Australian domestic market.

## **4.5 Exclusive Export Agreement Risk**

Effective 1 July 2006, the Company was appointed by RMB as the exclusive exporter of rice grown in New South Wales for an initial term of five years under the Sole and Exclusive Export Agreement. This agreement can be terminated after that initial five-year period by RMB giving at least 5 years notice. This effectively gives the Company the exclusive export rights for rice grown in NSW for a minimum period of 10 years.

## **4.6 Credit Risk**

SunRice manages the credit risk on sales to end customers through a range of credit instruments, credit checks, risk assessments and intelligence monitoring. Sales to offshore entities are settled through high-ranking credit instruments such as Irrevocable Letters of Credit and Cash Against Documents, wherein the credit risk to SunRice is limited to a short period of time. The Company does not have significant exposure to any individual customer or counterparty, and has a history of negligible default in international business transactions.

## **4.7 Rice Price and Foreign Currency Exchange Risk**

SunRice is exposed to the risks of global rice supply and demand fluctuations which affect the prices which can be gained in export markets. Australian dollar receipts are also exposed to the risk of currency fluctuations. When considered appropriate, SunRice actively participates in foreign currency hedging to manage its exposure and mitigate adverse movements in exchange rates.

## **4.8 Interest Rate Risk**

SunRice has significant core borrowings and a large seasonal borrowing requirement as a result of the nature of its business and its Grower lending activities. The exposure to movement in interest rates on these borrowings is managed by hedging/fixing the interest rate on a proportion of this debt portfolio.

## **4.9 Saleability of Shares and Determination of Share Price**

The Company has been admitted to the official list of the NSX and official quotation of its B Class Shares commenced on 18 June 2007. The listing of the B Class Shares on the NSX enables B Class Shareholders to trade their Shares with other Shareholders of the Company (subject to maximum Shareholding limits). Whilst the B Class Shares are listed on the NSX, there is a limited market for B Class Shareholders to trade their Shares and the price of the B Class Shares may not fully reflect the underlying value of the Company. The price at which B Class Shares are traded may be influenced by a variety of factors including:

- The profitability and prospects of the Complementary Businesses;
- The rate of dividend declared from time to time by the Board;
- The limited transactions as a result of the restricted pool of potential purchasers; and
- The limit on the number of Shares that can be held by B Class Shareholders.

#### **4.10 Ricegrowers Group Profitability**

The Ricegrowers Group's profitability is subject to both internal and external factors. Some of these factors can be mitigated by appropriate commercial action, but many are outside the Company's control.

##### **Internal Factors**

Internal factors that may affect the Ricegrowers Group's profitability include:

- The profitability of individual business units and profit centres of the Ricegrowers Group;
- The adoption of policies and practices within the Ricegrowers Group.

##### **External Factors**

External factors that may affect the Ricegrowers Group's profitability include:

- The economic health of Australia and other countries, particularly those in which the Ricegrowers Group operates;
- The stability of governments and changes in fiscal, monetary and regulatory policies of those governments;
- The strength of the global rice and food industry; and
- The level of competition in the markets in which the Ricegrowers Group operates.

## **5. ADDITIONAL INFORMATION**

### **5.1 Transaction specific Prospectus**

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under these obligations, the Company is obliged to comply with all applicable continuous and reporting requirements in the NSX Listing Rules.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities, which are continuously quoted securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer (refer to Section 2), the effect of the Offer on the Company (refer to Section 3.2) and the rights and liabilities attaching to the B Class Shares (refer to Section 2.5).

### **5.2 Interests and Fees of Certain People Involved in the Offer**

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director and none of the persons involved in the Offer and referred to below has, or has had, in the last two years, any interest in:

- (a) The formation or promotion of the Company;
- (b) Property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- (c) The Offer.

Other than as set out below or elsewhere in this Prospectus, no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given:

- (a) To any Director or proposed Director to induce them to become, or to qualify as, a Director; or
- (b) To any Director or proposed Director for services provided by him in connection with the formation or promotion of the Company or the Offer; or
- (c) To any of the persons involved in the Offer for services provided by them in connection with the formation or promotion of the Company or the Offer.



## Directors' Interests

Set out below are details of the interest of the Directors in the securities of the Company immediately before lodgement of the Prospectus with ASIC. Interest includes those held directly or indirectly or through an Associate. The table does not take into account any new Shares the Directors may acquire under the offer.

Name of Director	How Held	Total Number of A Class Shares	Total Number of B Class Shares
GF Lawson	GF & SB Lawson	1	N/A
	GF & SB Lawson Pty Ltd as trustee for the Lawson Family Superannuation Fund	N/A	201,253
DM Robertson	DM & MS Robertson Pty Ltd	1	69,035
	DM & MS Robertson Pty Ltd as trustee for the Robertson Superannuation Fund	N/A	55,023
LJ Arthur	LJ Arthur	1	26,488
	LJ Arthur & RF Arthur	N/A	93,913
NG Graham	NG & LE Graham	1	71,276
G Helou	N/A	N/A	N/A
RA Higgins	N/A	N/A	N/A
GL Kirkup	Kirkup Farms Pty Ltd	1	25,667
GF Latta	N/A	N/A	N/A
N McAllister	Norman McAllister	1	2,510
	Strathcona Pty Ltd	1	59,303
AD Walsh	AD & KL Walsh	4	107,795

## Interest and Fees of Professionals

This Section applies to persons named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively Prescribed Persons).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) The formation or promotion of the Company;

- (b) Property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) The Offer.

Other than as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed person in connection with the:

- (a) Formation or promotion of the Company; or
- (b) Offer of B Class Shares under this Prospectus.

Dibbs Abbott Stillman has acted as lawyers to the Company and has performed work in connection with the Offer, for which it will be paid approximately \$25,000 (excluding GST) plus disbursements.

### **5.3 Consents**

Written consents to the issue of this Prospectus have been given and at the date of this Prospectus have not been withdrawn by the following parties:

- (a) Each of the Directors has given and has not withdrawn his or her consent to be named in this Prospectus in the form and context in which he or she is named.
- (b) Dibbs Abbott Stillman has given and has not withdrawn its consent to be named in this Prospectus as Lawyers to the Company in the form and context in which it is named. It has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of the Prospectus other than references to its name.

## 6. STATEMENT BY DIRECTORS

This Prospectus is issued by Ricegrowers Limited. Each Director has consented to the lodgement of the Prospectus with ASIC.

Signed for the purposes of Section 351 of the Corporations Act on the date of this Prospectus by:

A handwritten signature in black ink, appearing to read 'G. Helou', with a long horizontal stroke extending to the right.

Gary Helou  
Director of Ricegrowers Limited

## 7. GLOSSARY

**“A Class Shares”** means A Class Shares in the capital of the Company.

**“Applicant”** means a Shareholder or an Approved Entity of a Shareholder who submits an Application Form.

**“Application”** means an application made by a Shareholder to acquire New Shares pursuant to this Prospectus.

**“Application Form”** means the application form attached to or accompanying this Prospectus.

**“Application Monies”** means monies received from Applicants in respect of their Applications.

**“Approved Entity”** means in relation to a Shareholder, the trustee of a superannuation fund:

- (a) Of which the person is a beneficiary; and
- (b) That has been approved by the Directors.

**“Associate”** means, in relation to a person (“primary person”):

- (a) If the primary person is a body corporate, a director or secretary of the body corporate, its related bodies corporate and a director or secretary of any of its related bodies corporate;
- (b) A person with whom the primary person has entered into, or proposes to enter into, a relevant agreement, as defined in the Corporations Act, for the purpose of controlling or influencing the composition of the Board or the conduct of the company’s affairs;
- (c) A person with whom the primary person is acting, or proposes to act, in concert in relation to the company’s affairs.

For the purposes of this definition, “body corporate”, “control”, “relevant agreement” and “related body corporate” have the same meaning as in the Corporations Act.

**“ASIC”** means the Australian Securities and Investments Commission.

**“B Class Shares”** means B Class Shares in the capital of the Company.

**“Board”** means the board of Directors of the Company.

**“Closing Date”** means 5.00pm on the date specified in this Prospectus as the final date for receipt of applications for New Shares.

**“Company”** means Ricegrowers Limited ABN 55 007 481 156.

**“Complementary Business”** means business activities conducted by SunRice which are not “Rice Milling and Marketing” activities, including CopRice, rice cakes, flour, specialty rice foods group (SRFG), Riviana Foods Pty Ltd and Trukai Industries Limited.

**“Co-operative”** means Ricegrowers’ Co-operative Limited that was converted into the Company on 14 December 2005.

**“Corporations Act”** means the Corporations Act 2001 (Cth).

**“Crop Year”** means the period during which a rice crop is planted, grown and harvested. A particular Crop Year is identified by the calendar year in which the rice crop is harvested.

**“Direction Form”** means the written form prescribed by the Company under which a person directs that an RMB Equity Rollover Payment or Rice Bonds be applied to pay up New Shares.

**“Directors”** means the directors of the Company.

**"Dollars"** and the sign "\$" mean Australian Currency.

**"Grower"** means a grower of rice.

**"New Shares"** means the new B Class Shares issued under the Share Issue.

**"NSX"** means the National Stock Exchange of Australia Limited.

**"NSX Listing Rules"** means the listing rules of NSX.

**"Offer"** means the offer of New Shares in accordance with this Prospectus.

**"Quotation"** means the quotation of the Shares on the NSX.

**"Rice Bond"** means a rice bond in the Company.

**"Rice Milling and Marketing"** means business activities conducted by SunRice which include milling, marketing, packaging, branding, which includes all activities relating to the process of transforming raw paddy into bulk or packaged milled rice (Australian and non-Australian rice).

**"Ricegrowers Group"** means the Company and its controlled entities.

**"RMB"** means the Rice Marketing Board for the State of New South Wales.

**"RMB Equity Rollover Payment"** means a payment to be made to a Shareholder under the RMB Capital Equity Rollover Scheme.

**"Shareholder"** means a holder of Shares in the Company.

**"Shares"** means issued Shares in the capital of the Company, including A Class Shares and B Class Shares.

**"Share Issue"** means the offer of New Shares as set out in this Prospectus.

**"SunRice"** means the business carried on by the Company.

**"Transmission Event"** means:

- (a) In respect of a Shareholder who is an individual:
  - (i) the death of the Shareholder;
  - (ii) the bankruptcy of the Shareholder;
  - (iii) the Shareholder becoming of unsound mind; or
  - (iv) the Shareholder becoming liable to be dealt with in any way under the law relating to mental health; and
- (b) In respect of a Shareholder who is a body corporate, the dissolution of the Shareholder or the succession by another body corporate to the assets and liabilities of the Shareholder.



**The Rice Food Experts**

Ricegrowers Limited  
trading as SunRice ABN 55 007 481 156