

SunRice

Annual Report 2008



Contents

- 2 About SunRice
- 3 Business Highlights
- 4 Chairman's Message
- 6 CEO's Message
- 9 SunRice Around the World
- 12 Our Operations
- 15 Our People and Culture
- 16 Our Growers
- 18 Our Subsidiaries
- 20 CopRice
- 22 Our Community and Environment
- 24 Board of Directors
- 26 Corporate Management Team
- 27 Corporate Governance
- 29 Directors' Report and Financial Report
- 76 Independent Audit Report to the Members of Ricegrowers Limited

About this Report

SunRice's Full Year Report and Financial Report can be viewed or downloaded from SunRice's website, www.sunrice.com.au

In this report, 'the year', 'this year', '2007/08', 'crop year 2007', 'CY07' all refer to the Financial Year ended 30 April 2008.



SunRice performed strongly across all business units and subsidiaries.

Despite the challenges of the ongoing drought, SunRice continues to demonstrate operating excellence and innovation, strengthening its leadership position in key markets around the world and growing the Convenience Rice Food category in Australia and overseas.



* Licenced in Australia

About SunRice

SunRice is one of the world's largest branded rice food companies, exporting high quality and innovative rice food products around the world.

SunRice sources rice for processing and marketing globally under the SunRice brand portfolio and subsidiary brands.

SunRice's history traces back to the establishment of Ricegrowers Co-operative Mills Limited in 1950.

SunRice is anchored in regional New South Wales and operates state-of-the-art processing facilities that mill and pack rice, and rice flour, and manufacture rice cakes and specialty rice food. The CopRice division also manufactures animal feeds at its three processing facilities.

Our Corporate Goals

- To deliver unbeatable products and services
- To have leadership that inspires and rewards excellence
- To have winning business relationships
- To grow through imagination and audacity
- To understand our responsibility to achieve financial targets
- To have simple and effective systems and processes
- To be responsible corporate citizens

Our Corporate Values

- Integrity in all we do
- Passion for the business
- Learning and its rapid conversion to action
- Single minded commitment to achieve our stated goals



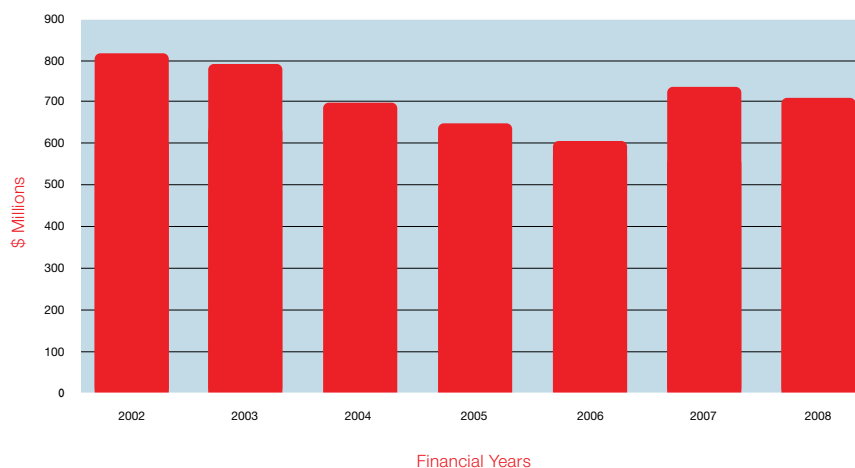
Business Highlights

- Strong financial performance with consolidated sales revenue of \$708 million
- Dividend of 22.5 cents per B Class Share
- Specialty Rice Food Group delivers strong earnings
- Successful trading in international markets
- Riviana Foods posted another record revenue and earnings year
- Record CopRice revenue exceeds \$100 million
- SunRice lists on the National Stock Exchange of Australia (NSX) in June 2007

Marking the official listing on the NSX, SunRice Chairman Gerry Lawson and NSX Chairman Ian Mansbridge were joined by SunRice CEO, Gary Helou (far left) and Deputy Chairman Mark Robertson (far right)



Consolidated Sales Revenue





Chairman's Message

SunRice recorded another strong earnings performance for the 2007/08 financial year, with consolidated sales revenue of over \$708 million, and a medium grain paddy return of \$328 per tonne for the 2007 rice crop of 166,707 tonnes. This exceeded the \$320 per tonne guaranteed minimum price announced prior to planting time.

In 2007/08 global trading has been remarkably successful at keeping SunRice products on supermarket shelves around the world. At a time of low Australian rice production, and unprecedented volatility in world rice markets, effective trading strategies have underpinned the business and provided a solid platform for the SunRice brand.

Subsidiaries and Complementary Businesses have performed well, with Riviana, Trukai and CopRice continuing to deliver strong results. Outstanding growth in the Convenience Rice Food category has underpinned the results of the Specialty Rice Food Group and contributed to another good performance in the Australian market.

The Board was pleased to be able to pay a dividend of 22.5 cents per B Class Share in July. This dividend represented approximately \$7.7 million of the profit of the 2007/08 financial year.

Only forty-five growers on thirty-seven farms grew rice in 2007/08, which resulted in a harvest of 19,297 tonnes. This was the smallest rice crop since 1929, the fifth year of commercial rice production in Australia. Disappointingly this meant very few growers were able to benefit from SunRice's 2007/08 production contract which offered a guaranteed minimum price of \$404 per tonne for medium grain.

Food Security

In previous Annual Reports I have written about the increasing global demand for rice in the face of increasing population and lower supply due to drought, climate change, substitution of food for biofuel production and loss of farmland due to urbanisation.

The issue of food security is attracting international concern. Consequently, at the United Nations Food Security Conference in Rome, the Secretary-General, Ban Ki-Moon, called on the world to immediately increase food production by 50 percent.

The Conference declared to the international community the need to take urgent action to address the global food situation.

Notwithstanding the criticism that the rice industry and irrigators have had to endure over the past years, there is now a growing recognition that as food producers we have a crucial role to play in feeding people around the world.

Water Reform

This year the Federal Government announced a new \$13 billion 'Water for the Future' program. The funding, to improve the efficiency of irrigation infrastructure, is welcomed but strong reservations are held regarding the water entitlement buyback.

As I mentioned earlier, the issue of food security cannot be ignored. Accordingly, the Government's plan to secure long term water supply for all Australians must also address the impact that changes to water entitlements will have on the production of food.

As members of the international community, we must consider the welfare of our close neighbours and populations. During the past year unrest has broken out in many countries throughout Asia, the Middle East and the Caribbean as a result of unstable food supply and increased prices. SunRice has been providing a consistent supply of good quality rice to our Pacific neighbours for many decades. The secure supply of this staple food contributes not only to the wellbeing of the population, but also to political stability.

Buying back water entitlements from willing sellers at a time when many irrigators are under financial duress, due to the drought, is of concern and likely to have severe and unintended social consequences in many regional communities.

Rather than buying water back from consumptive users, a stronger focus should be placed on increasing water storage, creating savings through infrastructure improvement and on-farm efficiencies, and improving environmental outcomes through the better management of environmental water.

It is imperative that the highest standards of probity are observed and the purchase process is open, transparent and accompanied by a system of full disclosure.

When addressing water reform, our policy makers must consider the needs of our regional communities, the environment, our nation's food producers, and most importantly our global populations that require food for survival.

...there is now a growing recognition that as food producers we have a crucial role to play in feeding people around the world.

National Stock Exchange

SunRice marked an important milestone in its 58 year history on the 18th June 2007 by listing on the National Stock Exchange of Australia, the NSX.

Listing on the NSX has given shareholders the ability to trade their B Class Shares amongst themselves. This has provided shareholders with the opportunity to unlock some of the value of their investment, or to increase their investment in SunRice.

Capital Raising Program

A very successful capital raising program was conducted in late 2007, with shareholders demonstrating overwhelming confidence in the SunRice business by applying for an additional 5.5 million B Class Shares with a value of \$11.8 million.

A total of 991,221 of these shares were paid for by the application of Rice Bonds while the balance of 4.5 million shares were paid for in cash.

The number of shares applied for in cash was slightly more than the 15 percent limit permitted under NSX listing rule 6.25, and the NSX granted a waiver of this listing rule to enable all of the shares applied for in cash to be issued.

SunRice recently held a Special General Meeting of A Class Shareholders to seek the consent to issue further shares for cash, under the Capital Raising Program, prior to December 2008. The resolution, which was strongly supported by the Board, was passed overwhelmingly by shareholders.

Drought Related Downscaling

In November 2007, as a consequence of the ongoing drought, SunRice was forced to implement measures to downscale the Australian paddy handling and rice milling operations and support services. This included the Deniliquin and Coleambally rice mills being placed under a "care and maintenance" program, with many loyal and valued employees having to leave the company.

SunRice remains committed to keeping these changes to the bare minimum and to ensuring, to the extent possible, that core skills and capabilities are retained.

Director Elections

Director elections were held in 2007 with incumbent Director and Deputy Chairman, Mark Robertson, being re-elected along with Alan Walsh and Norm McAllister. Laurie Arthur was newly elected to the Board, replacing Bruce Barber who retired after a period of 23 years as a valued member of the SunRice Board.

Laurie Arthur has brought a wealth of experience to the Board through his long association with the Ricegrowers' Association of Australia, the National Farmers' Federation and the NSW Irrigators' Council.

Sincere Appreciation

I take this opportunity to recognise and thank my fellow Board members and in particular my Deputy Chairman, Mark Robertson. I congratulate them all on their commitment to leveraging SunRice's skills and knowledge for the benefit of our shareholders.

I also thank our Chief Executive Officer, Gary Helou, who continued to provide strong and effective leadership in 2007/08 and the Corporate Management Team and all SunRice employees for their passion and commitment to the business.

I would also like to thank Noel Graham, Chairman of the Rice Marketing Board, and Les Gordon, President of the Ricegrowers' Association of Australia, for their significant contribution to the industry.

My sincere thanks to Ian Macdonald, NSW Minister for Primary Industries, for his continued support. Thanks also to Tony Catanzariti MLC, Kay Hull MP (Federal Member for Riverina), Sussan Ley MP (Federal Member for Farrar), Adrian Piccoli MLA (NSW Member for Murrumbidgee), John Williams MLA (NSW Member for Murray Darling).

We look forward to developing close working relationships with the newly elected Federal Members of Parliament.

On a Final Note

SunRice is well positioned for the future with premium products and brands, strong relationships and alliances and strategies for profitable growth. This will enable the business to continue to provide strong returns to both rice growers and shareholders.



Gerry Lawson
Chairman

CEO's Message

Strong earnings growth across all our business units contributed to the delivery of a higher paddy return and dividend distribution. A combination of strong trading, a “product mix shift” to higher margin products and strong earnings growth by subsidiaries helped shield the business from the ongoing impact of the drought in the Riverina region. This enabled us to raise the medium grain paddy return for the 2007 rice crop to \$328 per tonne and pay a dividend of 22.5 cents per share, an increase of 4.7 percent on last year.

The four drivers which delivered this year's strong business results were global trading, innovation in higher value added rice food products, strong performances by subsidiary companies and ongoing cost reductions. The most important ingredient in this success was the energy and industriousness of our people who continue to respond constructively and proactively to the ongoing volatility of Australian rice supply.

We are confident that today we have the business positioned to maintain the strong momentum in revenue and earnings growth, despite the impact of Australian drought. Our highly effective Global Trading and Supply Chain teams will continue to ensure our brands are well stocked and available to consumers in our markets. Our brands will continue to lead the way with state-of-the-art packaging and rice food product solutions. Our subsidiaries, Trukai and Riviana, and Complementary Business, CopRice, will each continue to

deliver superior growth and return on investment. In increasingly volatile and uncertain global food markets, we have the right people and the right strategies to ensure continued growth and success.

Marketing

In Table Rice, the impact of the drought on Australian supply was mitigated by the strong performance of the Global Trading division. High quality rice was sourced, processed and shipped from several global sources to selected SunRice markets. An upgrade in packaging design across many Table Rice products enhanced brand visibility and provided an important element of on-shelf point of differentiation.

In the Microwave Rice category, SunRice continues to be the market leader in what is proving to be the fastest growing carbohydrate retail segment. Flavour and packaging developments helped improve product acceptance and functionality across several market sectors. In the snacking segment, SunRice Rice Cakes continue to lead the Australian market with exciting initiatives in grain formulation, flavour delivery and packaging innovation.

In Asia, the Pacific, and the Middle East our brands maintained strong market share and SunRice successfully expanded its product range in key markets. Exciting new product ideas are being rolled out, including rice cakes and rice meals, into New Zealand, Asia and the Middle East.

Global Trading has been integrated into our supply chain systems to ensure ongoing product availability in an era of increasingly turbulent and volatile world supply. This is a critical platform which underpins the sustainability of our brands across domestic and international markets.

Trukai Industries, our rice company in Papua New Guinea, delivered strong sales results supported by solid investments in manufacturing output, distribution systems and promotional marketing. Trukai continues to be engaged with the wider PNG public through a number of community based activities including sports, education and agricultural projects.

Riviana Foods, with its flagship “Always Fresh” brand, posted another record revenue and earnings growth year. Always Fresh continues to define and grow the contemporary entertaining food and snacking occasion, by innovating across a wide range of products from ‘deli style’ olives to wasabi peas and premium rice crackers. Continued success in the Food Service market was an important source of revenue and profit growth.

CopRice, our stockfeed and companion animal feed business, delivered a strong profit by focusing on serving higher value added market segments. The increased demand for CopRice specialty products helped offset drought impacted bulk stock feed sales. The companion animal line delivered solid results, particularly in the dry extruded pet and horse feed categories as well as with its leading brand, “Max's Cat and Pet Litter”.



Strong earnings growth across all our business units contributed to the delivery of a higher paddy return and dividend distribution.

Operating Excellence

2007/08 was a challenging year for our Riverina based operations. The worsening drought led to downscaling of paddy handling and milling infrastructure. The placement of Deniliquin and Coleambally mills under a “care and maintenance” program and the retention of core technical and processing skills will give SunRice the flexibility to re-start operations at these sites when the Riverina returns to producing normal rice crops.

Australian Grain Storage (AGS) has been given the expanded business scope to include the supply of storage and logistics services to the wider grain sector in the Riverina region. This will be a new source of revenue and profit.

The manufacturing facilities of the Specialty Rice Food Group, which includes Rice Cakes and Microwave Rice products, delivered higher efficiencies and throughput during a period of sales growth. This has the compound impact of improved product availability and overall business unit profitability.

The Supply Chain function continues to be at the sharp end of today’s volatile supply and demand equation. With the ongoing drought and the need to globally trade SunRice’s extensive domestic and international sourcing needs, the Supply Chain team had a very successful year in configuring transport, procurement and warehousing solutions to suit our market needs. Global Quality partnered

with Procurement and Supply Chain to ensure the highest quality product was sourced, processed and delivered to all our markets.

The SunRice Six Sigma program continued to be applied across our operations with a particular emphasis on the Specialty Rice Food Group, Trukai and CopRice. This is an important methodology to drive productivity and efficiency at all operating units.

Our People

Good performances come from good people. SunRice people responded admirably to the challenges of drought by displaying versatility, creativity and enterprise in dealing with all matters ranging from operational downscaling to global trading and marketing.

We are committed to recognising people for initiative and enterprise.

The SunRice Employee of the Year Awards acknowledge and reward our best individual and team achievements. Our congratulations go to this year’s winner Craig Johnson, who was recognised for an extraordinary effort in helping SunRice achieve an “excellent” American Institute of Baking (AIB) rating. This rating reflects a strong food safety focus and further enhances SunRice’s reputation as a supplier of the highest quality rice products.

The Future

Our future is strong and bright. Our people, our brands and our relationships underpin our plans to become the world’s favourite rice food company. We aim to be better and become stronger for our shareholders.

I sincerely thank my Chairman, Gerry Lawson and the Board of Directors for their continued leadership and support. I also acknowledge and thank my Corporate Management Team and all our employees for a fantastic effort in a most turbulent year.

Gary Helou
Chief Executive Officer

**sun
RICE**

Mediterranean Style

tomato rice

in 90 seconds
microwave



Thin

**sun
RICE**

RiceCakes
Wholegrain

10

Barbecue x 5
Chicken x 5



Long Grain
White Rice

**sun
RICE**

8



2 kg



The Rice Food Experts

SunRice Around the World

Australia and New Zealand

Solid growth in the Microwave Rice and Flavoured Rice Cake categories resulted in continued profitability for the Specialty Rice Food Group.

Snacks and Meals

The success of microwavable technology, first adopted by SunRice in 2004 under the SunCreations brand, has demonstrated SunRice's ability to interpret consumer needs and convert consumer insight into action.

SunRice is the market leader within the Microwave Rice category in Australia. This is the fastest growing carbohydrate category in the world and SunRice's domestic success provides an excellent platform to launch the products internationally. Targeted flavours and country specific packs are being launched into some of SunRice's biggest export markets.

SunRice recently commissioned a Brand Power television advertising campaign to highlight the time saving benefits of SunRice Microwave Rice products. This campaign, and other promotional programs, communicates the many rice food innovations available to consumers.

This year, all Microwave Rice products were consolidated under the SunRice brand.

SunRice's Flavoured Rice Cakes sales continue to improve. New flavours and packaging design have added excitement to this established category.

Table Rice

The impact of the drought on Australian rice supply was minimised by complementing Australian supply with high quality imported rice.

The launch of new packaging for our Table Rice varieties in 2008/09 is aimed at providing a new fresh image for Table Rices on supermarket shelves in Australia and New Zealand.

In the Food Service division, SunRice continued to trade solidly and delivered positive results.

SunRice is the market leader within the Microwave Rice category in Australia.

Exciting value added rice foods are being launched to complement the Sunwhite brand...

SunRice Around the World

Asia

Hong Kong

SunRice brands continue to be well represented in all major supermarket chains and wholesale outlets in Hong Kong and the New Territories. All brands sold in Asia carry Australian rice, which offers a unique point of difference in this crowded market place.

South Korea, Taiwan and Japan

Regrettably, SunRice was unable to fulfil country quotas for Australian rice in Taiwan and South Korea, nor offer rice to Japan, through government tenders, because of the short supply of Australian rice. SunRice looks forward to participating in these markets in the future. SunRice branded products continue to be sold in premium supermarket outlets in Taiwan.

Pacific

SunRice brands continue to maintain a strong presence in the Pacific. SunRice rolled out successful promotional campaigns in the major Pacific markets of Vanuatu, Fiji, New Caledonia and French Polynesia. Range extensions have been launched and a new range of rice snacks will be available under the Island Sun brand later this year.

Middle East

Global sourcing has seen the Sunwhite brand maintain a dominant market position in the highly competitive markets of the Gulf Co-operation States. Exciting value added rice foods are being launched to complement the Sunwhite brand on supermarket shelves in the Middle East.





Right: Japanese sushi is becoming popular in Singapore with some outlets using SunRice's Kangaroo brand of medium grain rice

Our Operations

...the Specialty Rice Food Group improved its performance in the manufacturing of Microwave Rice products and Rice Cakes.

SunRice operations faced a challenging year in 2007/08. As a consequence of the ongoing drought, SunRice was forced to downscale the Australian paddy handling and rice milling operations. This included placing Deniliquin and Coleambally rice mills under a “care and maintenance” program.

World Class Facilities

Despite the downsizing SunRice continues to ensure facilities are at world-class standards. This includes international operations in Papua New Guinea with packaging lines being further upgraded.

All of our Australian sites continue to have Hazard Analysis and Critical Control Point (HACCP) and AIB certification. These programs recognise Good Manufacturing Practice and ensure the highest standards of food safety and quality management.

Specialty Rice Food Group

Through process improvements the Specialty Rice Food Group improved its performance in the manufacturing of Microwave Rice products and Rice Cakes. The improvements are supported by increased economies of scale achieved through sales growth in value added rice foods.

Best Practice for Our People

SunRice has a key focus on creating a safe and healthy working environment and is committed to the prevention of all workplace injuries. SunRice’s Safety, Health and Environment (SHE) program represents best practice. This program is currently being established at SunRice’s international operations to enhance the systems already in place at those locations.

SunRice maintained the safety achievements of the past two years despite operating in a more challenging environment.

This year will see the business implement a Fitness for Work program that further demonstrates a commitment to a safe and healthy working environment.

Supply Chain Management

The Supply Chain group performed well in reconfiguring both domestic and international supply channels to maximise efficiencies and reduce costs through the year. This was achieved with excellent customer service performance.

Six Sigma

The SunRice Six Sigma program continues to drive productivity improvement and cost savings. Six Sigma maintains a focus on continuous improvement in operational efficiencies at all domestic sites including CopRice and subsidiary Trukai Industries in Papua New Guinea.

International Quality

SunRice’s international quality team continues to play a key role in ensuring strict quality standards are maintained by working closely with suppliers of rice from all over the world. This is becoming progressively more important with the procurement of rice from an increasing number of sources.



SunRice has a key focus on creating a safe and healthy working environment...





The Rice Food Experts



Above: Craig Johnson, winner of this year's SunRice Employee Awards is congratulated by CEO Gary Helou at the Employee Awards annual celebration in Leeton



Our People and Culture

The 2007/08 crop year was challenging for SunRice's Australian business and its employees. However, solid working relationships, perseverance and resilience have all contributed to creating a positive environment.

Change

In November 2007, SunRice was forced to implement measures to downscale the Australian paddy handling and rice milling operations, and support services, as a consequence of the ongoing drought.

This included the placement of Deniliquin and Coleambally rice mills under a "care and maintenance" program, with many loyal and valued employees being adversely affected.

SunRice was able to assist those affected employees by providing assistance in the form of counselling, financial advice and job transition services.

Employee Awards

SunRice is committed to recognising people for Initiative, Innovation and Operating Excellence to help drive future success. SunRice recognises remarkable achievements through the annual Employee Awards.

The nominations for this year's Employee Awards continued to be of the highest standard. Fifty individual and four team nominations were received over the year for achievement in teamwork, cost savings and customer relations.

This year's Employee Award site winners are listed below.

Marketing

Stephen Borg

Operations

Jason Fields

Australian Grain Storage

Graham Smith

Specialty Rice Food Group

Marija Orel

Leeton Mill

Craig Johnson

CopRice

Angelo Celi

Employee Award Winner

Craig Johnson, Quality Assurance Technician at Leeton mill, was selected as Employee of the Year in recognition of his role in SunRice achieving an "excellent" rating in AIB audits at various sites. The "excellent" rating reflects a strong food safety focus and continues to enhance SunRice's reputation as a supplier of the highest quality rice products.

Team Award

The Team Award went to the ten members of the Cobden Cooler Project. This project addressed the issue of lost production time associated with formulation changes in the Pellet mill and resulted in a 23 percent increase in throughput capacity and improved productivity.

Service Recognition

During the year, a number of our employees achieved significant service milestones for years of employment with SunRice. Five employees were recognised for 35 years of service.

Overall

Once again, this year has demonstrated the resilience and versatility of our people and our ability to work together in difficult times.

The strong overall business results for 2007/08 are testament to the combined efforts of our committed teams of employees. The efforts of all employees, both past and present, are recognised and greatly appreciated.

Our Growers

After harvesting the drought ravaged 2006/07 crop, totalling 166,707 tonnes, our growers felt a degree of optimism that the good rainfall in April and May 2007 signalled better times ahead.

The good autumn rainfall and strong prices on offer led to a large winter crop planting. Growers were however missing the regular and reliable cash flow provided by their normal rice enterprise and hoped to be able to plant a reasonable area of rice in springtime, if water availability permitted. Regrettably, this did not occur.

By mid-winter it was becoming apparent that surface water allocations could be very low or zero at rice planting time.

Rice Production Contract Offered

Growers were offered an opportunity to grow rice through a hectare based contract at a guaranteed minimum price of \$404 per tonne for medium grain rice meeting SunRice's normal quality specification. Significantly higher prices were offered for specialty varieties.

Lowest Production Since 1929

Strong demand for water on the transfer market combined with no general security water allocation at rice planting time led to very low uptake of SunRice's 2007/08 production contract.

In total 2,160 hectares of rice were planted on thirty-seven farms. Seasonal conditions were average over the growing period, resulting in total production of 19,297 tonnes, at a yield of 8.93 tonnes per hectare. This small tonnage makes the 2008 harvest the lowest since 1929.

Rice in the North

SunRice has been working collaboratively with a pioneer rice grower in northern NSW for several years and it has been established that rice could be a viable crop on certain soil types. SunRice recently co-hosted a successful field day in Northern NSW and it is likely a number of other growers will plant rice in 2008/09.

Rice Research Australia Pty Ltd (RRAPL)

SunRice's research subsidiary, RRAPL, is collaborating with NSW Department of Primary Industries (NSW DPI) to evaluate suitable rice varieties and cultural practices for rice production in northern Australia. Some good opportunities are expected to emerge from these activities.

RRAPL also played a critical role in 2007/08 by hosting NSW DPI breeding trials and producing Breeders' Seed for a range of varieties for the SunRice Pure Seed Program.

Supporting Our Growers in Difficult Times

Many rice growers have not been able to grow a crop for several years, depriving them of their main income source.

SunRice has worked collaboratively with the Ricegrowers' Association of Australia to:

- ensure the Australian and NSW Governments are aware that ongoing drought support is required
- assist growers with information required to make applications for the various drought support programs
- provide an office for the Murrumbidgee Rural Financial Counsellor
- deliver the Australian Government funded Farmfit drought support program specifically designed for rice growers

Growers were offered the opportunity to grow rice through a hectare based contract at a guaranteed minimum price of \$404 per tonne for medium grain rice...



Left: Rice grower Tim McKindlay with family on their property in Mayrunga

Below: The sun shines on Nathan Hehir's property near Finley in the Murray Valley



Our Subsidiaries

Trukai Industries

Trukai Industries, Papua New Guinea's largest and most successful rice marketer, delivered positive results through increased manufacturing output, improved efficiencies and promotional marketing.

Increased Rice Storage in Lae

The continuation of the drought in Australia again reinforced the importance of global sourcing of rice for the PNG market. The construction of additional warehouse storage in Lae allowed Trukai to secure rice and manage the volatility associated with sourcing rice on global markets.

Flexible Operations

The improved operational flexibility, quality and safety of the Manufacturing division, brought about by recent capital expenditure, proved invaluable in 2007/08 as increased demands were placed on Trukai to pack for other SunRice markets including the Solomon Islands, Australia, New Zealand and Micronesia.

Safety Record

Trukai experienced an injury free year. The implementation of a Strategic Safety Health and Environment Management Plan reflects the commitment to providing a safe and healthy working environment for all employees.

Marketing Initiatives and Community Support

Trukai's sales and marketing initiatives maintained market share with superior point of sale material, committed sales personnel, effective in-store promotions and advertising activities.

The Trukai Mask is one of the most recognisable symbols in PNG and this was leveraged at the annual Trukai Fun Run event in June. This annual event raises money to support PNG athletes.

The Trukai Mask is one of the most recognisable symbols in PNG...





Always Fresh
further consolidated
its position as a
contemporary
entertaining solution...

Our Subsidiaries

Riviana Foods

Riviana Foods, with its flagship brand, Always Fresh, posted record revenue and earnings for the eleventh consecutive year. Riviana Foods is a manufacturing, distribution, sales and marketing enterprise focusing on the grocery and food service sectors.

Retail Market Innovation

The 2007/08 year provided significant challenges within the retail environment with major trading customers intensifying their private label programs. Despite increased competition, Riviana Foods was able to defend, and in many cases grow, its core branded business with a successful strategy of innovation and media promotion.

The Always Fresh range achieved ongoing growth in the Pickled Vegetable market with the roll out of new products, such as Deli Style Olives and Dipping Sticks. Always

Fresh further consolidated its position as a contemporary entertaining solution through the launch of its Party range of adult style snacks including wasabi peas and premium rice crackers.

The Riviana Rice range was relaunched with a refreshed label design and stand up zip lock packaging for the Basmati product. These innovations will be rolled out to the rest of the range in 2008/09. The business maintained its position as a key supplier of private label for the vinegar market and acquired new private label business across other categories.

Food Service Expansion

Promotional activities and closer working relationships with key distributors, underpinned the continued success of the food service business and were successful in

lifting revenue, company recognition and defending market share against new and aggressive competition. The launch of several new products, such as fruit purees, further strengthened Riviana Foods' presence within the catering industry and provided a solid foundation for future growth into new markets.

Resources

Greater productivity, efficiencies and higher levels of customer service were realised with the move to a custom-built Victorian head office and warehouse facility early last year. Moving forward, Riviana employees will remain a key strength to the business with the excellent results during last year testament to their collective commitment to growth.



CopRice

CopRice Feeds, producer of stockfeed and companion products, delivered strong revenue growth and profit performance this year.

Sales Performance

Increased demand for CopRice specialty products offset the drought affected bulk stockfeed sales. Product innovation and improved operating efficiencies helped achieve this year's results.

CopRice continued to operate an effective grain and commodity risk management process. This specialist central procurement function, coupled with our ability to reformulate products, is a core competency for CopRice.

Companion Products

The CopRice Technical Sales Team maintained strong relationships with customers by delivering valuable nutritional advice, high service levels, and meeting Coprice's promise to be a "Partner in Production". Significant sales increases in dry extruded pet and horse feeds and solid performance in sales of Max's Cat and Pet Litter have contributed to the growth in the companion animal business.

Good Manufacturing Practice

CopRice continued to enhance its best practice safety and quality management systems. Outstanding results were achieved with April 2008 marking one full injury free year and all sites retaining Feed Safe accreditation and high scores in Good Manufacturing Practice. Continuous improvement of safety and quality systems remains a key focus for CopRice. The Six Sigma methodology has again played a key role in this efficiency improvement.

CopRice People

CopRice Cobden celebrated ten years of successful operation in 2007/08. Congratulations to all staff for reaching this important milestone.

The CopRice Cobden Cooler Team was this year's well deserved winner of the Employee Team Award, for working together to deliver a split cooler system from initial concept through to final installation. The project addressed the issue of lost production time associated with formulation changes in the Pellet mill.



CopRice Cobden
celebrated ten
years of successful
operation in 2007/08.



SunRice continued its focus on supporting organisations and events that assist the wellbeing of farming families affected by the drought.

Our Community and Environment

SunRice participated in many activities that support local and international communities.

The business continues to donate rice food products to Foodbank Australia, which in turn provides the rice to a network of non-profit welfare agencies throughout the country. Rice represents one of the top three Foodbank requirements and SunRice's donation feeds many needy families across Australia.

Our subsidiaries, Trukai and Solrice, also supported their communities through donating rice products and providing financial support to worthy causes.

Regional Support

SunRice is proud to support a large number of community organisations and events across the rice-growing region. In 2007/08, SunRice continued its focus on supporting organisations and events that assist the wellbeing of farming families affected by the drought. These events included a number of farm family gatherings to raise morale and provide information about drought support programs.

SunRice was proud to support the Conargo Shire "Australia's Biggest Blokes Day Out". Rice growers from across the Riverina attended the event as well as thousands of other 'blokes' who enjoyed a fun day of respite from the drought.

SunRice also supported a number of projects being undertaken by schools in the rice-growing region and numerous sporting and cultural events. These events included the SunRice Family Centre at the Deni Ute Muster in Deniliquin, the annual SunRice Leeton Pro-Am Golf Tournament and the MIA Open Tennis Tournament in Griffith.

SunRice was again the major sponsor of the Leeton SunRice Festival. The 2008 Festival was hailed as the most successful ever, which shows the resilience of the community during serious drought, and its support for the rice industry. SunRice employee Sally Doig was crowned SunRice Festival Ambassador. Sally and her hardworking team from the SunRice Social Club raised a considerable amount of money for the local community.

SunRice continued its support of the Ricegrowers' Association of Australia (RGA) and its Environmental Champions Program (ECP). The ECP assists farmers build their capacity to improve environmental performance and community sustainability. SunRice partnered RGA in delivering the Farmfit program. This Australian Government funded program is equipping rice growers with information and skills to adapt to lower water availability resulting from the drought.

Environment

SunRice is committed to understanding and minimising any adverse environmental impacts of its milling, processing and marketing activities, with a focus on the key areas of packaging, water and energy use.



SunRice maintained its support of the National Packaging Covenant (NPC). The NPC is a leading instrument for managing the environmental impacts of consumer packaging. SunRice continues to reduce product packaging and maintains an effective waste packing and recycling program across all sites.

SunRice maintained a focus on water use efficiency initiatives. This year SunRice partnered with Leeton Shire Council to minimise the impact of trade waste water on the environment.

SunRice continued to assess cost effective energy savings opportunities as part of the Australian Government's Energy Efficiency Opportunities program and NSW energy requirements. SunRice's energy management plans aim to achieve improved productivity to benefit the business and the wider economy.

Above: SunRice Festival Ambassador Sally Doig, left, and highest fundraiser Carly Dale, right, with Festival Director, Carl King

Photo courtesy of *The Irrigator*, Leeton

Inset: Renowned chef Lyndey Milan cooking up a treat at the 2008 Leeton SunRice Festival

Photo courtesy of *The Irrigator*, Leeton



Board of Directors

Gerry Lawson **LDA MAICD**

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committee: Member, Remuneration. Chairman, Riviana Foods Pty Ltd. Director, Silica Resources Pty Ltd; SunRice Trading Pty Ltd; SunRice Australia Pty Ltd; Australian Grain Storage Pty Ltd; SunArise Insurance Company Limited; Aqaba Processing Company Ltd (Jordan); Herto nv (Belgium); and Sunshine Rice Inc (USA). Member of the Rice Marketing Board for the State of NSW. SunRice representative to the Ricegrowers' Association of Australia.

Mark Robertson **MAICD**

Berriquin rice grower. Director since 1996. Deputy Chairman since 2001. Directors' Committees: Chairman, Grower Services; Member, Remuneration, Finance and Audit. Chairman, Trukai Industries Limited (PNG); Director, Solomons Rice Company Limited (Solomon

Islands), Australian Grain Storage Pty Ltd; SunRice Australia Pty Ltd and SunRice Trading Pty Ltd. Member, Rice Industry Co-ordination Committee.

Gary Helou **BE (Hons) MComm** **FAICD FAIM**

Director since 2003. Director, Riviana Foods Pty Ltd, Trukai Industries Limited (PNG); Solomons Rice Company Limited (Solomon Islands); Herto nv (Belgium); Australian Grain Storage; Aqaba Processing Company (Jordan); and Sunshine Rice Inc (USA). Member of the Advisory Council of the Asia Society AustralAsia Centre.

Laurie Arthur **B Ag Sc MAICD**

Moulamein and Barham rice grower. Director since 2007. Directors' Committees: Member, Finance and Audit, Grower Services, Member, Rice Industry Coordination Committee. Chairman, National Farmers' Federation Water

Taskforce. Deputy Chairman and Director of NSW Irrigators' Council. Member Snowy Hydro Consultative Committee, National Water Commission Stakeholders Reference Group, Murray Darling Basin Community Reference Group for Living Murray, Central Executive Delegate to Ricegrowers' Association of Australia. Former President, Ricegrowers' Association of Australia.

Noel Graham **FAICD**

Caldwell rice grower. Director since 2001. Directors' Committees: Member, Finance and Audit, Chairman Solomons Rice Company Limited (Solomon Islands), Director, Trukai Industries Limited (PNG), Chairman, Rice Marketing Board for the State of NSW. Rice Marketing Board representative to Ricegrowers' Association of Australia.



Russell Higgins

AO BEc FAICD

Director since 2005. Directors' Committees: Member, Finance and Audit. Director, APA Group (formerly Australian Pipeline Trust); Chairman, CRC for Coal in Sustainable Development; CSIRO Energy Transformed Flagship Advisory Committee. Former Chairman Snowy Mountains Hydro-Electric Scheme. Member, Prime Ministerial Task Group on Emissions Trading in 2006 – 2007.

Gillian Kirkup

MAICD

Yanco rice grower. Director since 2005. Directors' Committee: Member, Grower Services, Director Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Member, RIRDC Rice Research and Development Committee. Central Executive Delegate to Ricegrowers' Association of Australia. Director, Murrumbidgee Irrigation Limited. Member, Riverina Agricultural Women Steering Committee.

Grant Latta

AM MBA BBus FAICD FAIM CPA

Director since 1999. Directors' Committees: Chairman, Remuneration and Finance and Audit. Executive Chairman, GCMCorp Pty Ltd. Chairman, Europcar Asia Pacific, Bennelong Funds Management Company and Optiscan Imaging Ltd. Director, Biota Holdings Ltd, Coleambally Irrigation Co-operative Limited. Member, Australian Competition Tribunal (Federal Court).

Norm McAllister

Dip App Sc Ag FAICD

Berriquin rice grower. Director since 1997. Directors' Committee: Member, Grower Services, Chairman, Rice Research Australia Pty Ltd. Director, Riviana Foods Pty Ltd, RIRDC and Silica Resources Pty Ltd. Member, Rice Industry Co-ordination Committee. Mayor, Conargo Shire Council.

Alan Walsh

FAICD

Berriquin and Coleambally rice grower. Director since 2000. Directors' Committee: Member, Grower Services. Director, Riviana Foods Pty Limited, Rice Research Australia Pty Ltd. Member, RIRDC Rice Research and Development Committee. Central Executive Delegate to Ricegrowers' Association of Australia. Secretary, Ricegrowers' Association of Australia Inc (Deniliquin Branch). Delegate to Irrigation Research Extension Committee. Member, Rice Industry Co-ordination Committee.



Corporate Management Team

Milton Bazley

BAppSc, BBus, Dip ExMan
General Manager, International
Commodity and Trading

Joined SunRice in 1994 as Regional Export Manager and became General Manager, International Commodity and Trading in 2002. Responsible for sales to unbranded markets including Japan, South Korea, Taiwan, Papua New Guinea and the Solomon Islands as well as SunRice's foreign rice trading operations. Over twenty years experience in bulk commodity-type sales, and has previously held marketing management roles with CSR Limited and P&O Container Lines.

David Keldie

BA
General Manager,
Consumer Markets

Joined SunRice in 2001 as National Sales Manager, Australasia. Appointed General Manager of the Australian New Zealand Business in 2003. Appointed General Manager Consumer Markets in 2005, responsible for the Middle East, Asia, the Pacific and the Australian New Zealand business. Responsibilities include profitability of the value added business units and the Aqaba processing plant in Jordan. Previously worked as General Manager with the King Island Group Pty Ltd. David has twenty years experience in the FMCG business management.

Gary Helou

BE, (Hons) M Comm, FAICD, FAIM
Chief Executive Officer

Joined SunRice in 1998 as General Manager, Marketing, and was appointed CEO in October 1999. Extensive experience in the food industry, including ten years experience in Asia holding Executive General Manager roles at Simplot, Indofood and Pacific Dunlop Limited. Director of Riviana Foods Pty Ltd, Trukai Industries Limited, Solomons Rice Company Limited, Herto nv, Aqaba Processing Company Ltd, Australian Grain Storage and Sunshine Rice Inc., Member of the Advisory Council of the Asia Society AustralAsia Centre.

Claude Cassar

CA, F Dip Bus Studies (Acct)
Chief Financial Officer

Joined SunRice in 1999 as Chief Financial Officer. Claude is a Chartered Accountant and has worked in the UK, the US and Asia in a number of senior financial and management positions with multinationals such as Dun and Bradstreet, Young and Rubicam Australia, Dentsu Young and Rubicam Group Singapore, and PricewaterhouseCoopers Australia. Director of Sunshine Rice Inc., SunArise Insurance Company Ltd, Solomons Rice Company Limited and Aqaba Processing Company Ltd.

Mandy Del Gigante

B Comm, CPA
Company Secretary

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, returned to SunRice in 2005. Prior to working in the rice industry, worked in the commercial and chartered accounting fields for international firms.

Mike Hedditch

BSc Agr, Dip Ed, ACI
General Manager, Grower Services

Joined SunRice in 1999 as General Manager, Grower Services following a thirteen-year term as Executive Director of The Ricegrowers' Association of Australia. Prior to his career in the rice industry, worked with NSW Agriculture for fourteen years as a District Agronomist. Director of Rice Research Australia Pty Ltd.

Brad Hingle

General Manager, Finance

Brad has studied Cost and Management Accounting. He joined SunRice in 1999 as Financial Controller and was, appointed General Manager Finance in 2006. Prior to joining SunRice he has held finance and management positions at Deloitte Consulting Australia, Dunlop Tyres (South Africa) and Mondi Limited (South Africa).

Corporate Governance Statement

Role of the Board

The Board is responsible for the governance of the company, and oversees its operational and financial performance. It sets strategic direction, determines the appropriate risk profile and management systems 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.

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

The main corporate governance practices employed during the year are described in this section.

Composition of the Board

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

This structure of ten Directors provides a mix of representation and skills that reflects the company's ongoing commitment to active growers and the needs of its large global business.

Elections are held for the four Directors, who are A Class Shareholders, each four years. A retiring Director is eligible for re-election. Prior to the election of any Director, candidate information, with appropriate detail to support an informed decision, is provided to shareholders.

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 relevant skills, experience and expertise held by each Director in office at the date of the Annual Report, are provided in the Annual Report section titled "Board of Directors".

Particulars of each Director's Board meeting attendance for the past twelve months are included in Directors' Report.

Board Operations

The Board monitors the company's performance by monthly analysis of financial and operating results and an evaluation of performance against targets and forecasts. Directors also read and analyse reports and receive regular presentations and briefings from management on key issues. Senior management routinely attend Board and Committee meetings to report on particular matters. The Board also attends regular site visits to the company's operations.

Director Performance Evaluation

The Board acknowledges the importance of regular review of Board performance and ongoing communication between Directors and the Chairman. An annual review of the requirements and performance of all Directors is conducted. The performance of Directors is continually monitored by the Chairman and peers.

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 Deputy Chairman.

All Directors have access to the Company Secretary. The Company Secretary has accountability to the Board, through the Chairman, on all governance matters.

Finance and Audit Committee

The role of the Finance 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, the General Manager Finance, the Internal Audit Manager and representatives of the 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 Chief Executive Officer and the Chief Financial Officer annually declare, in writing to the Board, that the company's financial reports present a true and fair view, in all material respects, of the company's financial position and operational results are in accordance with the relevant accounting standards.

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 company's external auditor has a policy for the rotation of lead audit partners.

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. 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 and Audit Committee.

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

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 shareholders and 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 and the Chairman of the Board is not the Chairman of the Committee.

Corporate Governance Statement (Continued)

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

Remuneration Committee

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 and the Chairman of the Board is not the Chairman of the Committee.

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

Remuneration Report

The Remuneration Report is included in the Directors' Report of the company's Annual Report.

Risk Management

The Board oversees the establishment, implementation and review of the company's risk management systems, which have been established by management to assess, monitor and manage operational, financial and compliance risks. The responsibility for ongoing review of risk management has been delegated to the Finance and Audit Committee who conduct formal reviews at least twice a year.

The Board's risk strategy is to minimise risk to the extent that it does not inhibit the company from 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.

The Board recognises the wide spectrum of risk the company faces in its daily operations and designated management functions, including treasury, taxation, information technology and internal audit work closely with operational and executive management to identify and manage business risk.

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

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

Ethical Standards

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 a Code of Conduct and Share Trading Policy.

Code of Conduct

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.

Trading in Company Securities

The Board has adopted a Share Trading Policy, which applies to all Directors. The policy specifies the periods during which the purchase and sale of the securities may occur and sets out a notification procedure concerning any such transactions.

Continuous Disclosure to the NSX

The Board aims to ensure that shareholders are informed of all major developments affecting the company. The Board has adopted a policy to identify matters that a reasonable person would expect to have a material effect on the price of the company's securities.

The Continuous Disclosure Policy is overseen and coordinated by the Company Secretary, who has responsibility for ensuring compliance with the continuous disclosure requirements of the National Stock Exchange (NSX) Listing Rules.

Communication with Shareholders

The company has a communication strategy to promote 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 briefings, media announcements, and the company web site (www.sunrice.com.au).

When any stakeholders are updated on aspects of the company's operations, the material is provided to shareholders, and if appropriate, posted on the company's web site, and disclosed to the NSX. All recent company announcements, media releases, details of company meetings and annual reports are also available on the company's website.

Any other information disclosed to the NSX is posted on the company's web site as soon as it is disclosed to the NSX.

Access to price sensitive information is rigorously controlled and procedures have been established to ensure that any such information is immediately released to the market, should it be inadvertently disclosed.

All Board members and the external auditor attend the Annual General Meeting and are available to answer questions.

Notice of the AGM, and related papers, is 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 Directors' Remuneration Report.

Directors' Report and Financial Report

This Financial Report covers both Ricegrowers Limited as an individual entity and the consolidated entity consisting of Ricegrowers Limited and its controlled entities. The Financial Report is presented in Australian currency.

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

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

A description of the nature of the consolidated entity's operations and its principal activities is included within the Annual Report and in the Directors' Report, which is not part of the Financial Report.

The Financial Report was authorised for issue by the Directors on 12 June 2008.

Directors' Report

Your Directors present their report on the consolidated entity consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2008.

1 Directors

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

GF Lawson
DM Robertson
LJ Arthur (appointed 24/8/07)
BL Barber (resigned 24/8/07)
NG Graham
G Helou
RA Higgins
GL Kirkup
GF Latta
N McAllister
AD Walsh

2 Principal activities

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

3 Consolidated entity result

The net profit of the consolidated entity for the period after income tax and after minority interests was \$14,096,000 (2007: \$14,476,000).

4 Dividends

For the year ended 30 April 2008, the Directors have declared a final dividend of 22.5 cents per share to be paid on fully paid shares. Provision for this dividend has been made in the accounts. The dividend amounting to \$7,691,000 (2007: \$5,880,000) will be paid in July 2008.

5 Review of operations

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

6 Significant changes in the state of affairs

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

7 Events subsequent to the balance sheet date

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

8 Likely developments and expected results of operations

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

9 Environmental regulation

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

Land Development Approvals

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

Directors' Report

9 Environmental regulation (continued)

Manufacturing

The consolidated entity holds licences and approvals for its manufacturing sites in New South Wales and Victoria. The licences require air, water and noise emissions to be below specified limits and solid wastes to be removed to an appropriate disposal facility. Ricegrowers Limited operates an environmental management system to ensure compliance.

All identified aspects are monitored and reported on to the Department of Environment and Climate Change (DECC) as required. Complaints received in relation to environmental issues are investigated and actions planned and implemented to reduce the impact of Ricegrowers Limited's activities.

The National Packaging Covenant updated report and action plan has been completed and submitted as required. The reduction of packaging waste to landfill has been successfully maintained. Project plans have been updated and established to manage the impact of trade waste water.

10 Drought impact

As a result of the continued drought, paddy availability for 2007/2008 financial year was 167k tonnes (1,037k tonnes in prior year). The 2008/2009 expected paddy is estimated to be the lowest in recent years (estimated 19k tonnes). As a result, 105k tonnes of paddy is being carried over from the 2007/2008 year.

11 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2008.

Rank	Shareholder	No. of B Class Shares
1	Burrabogie Pastoral Co Pty Ltd	1,576,743
2	Menegazzo Enterprises Pty Ltd	1,427,326
3	Dellapool Nominees Pty Ltd	1,000,195
4	Taurian Pty Ltd	467,290
4	Industry Designs Pty Ltd	467,290
5	RM & AM Brain	240,139
6	Idameneo (No 157) P/L	219,148
7	Moonraker Float Pty Ltd	205,824
8	GF & SB Lawson Pty Ltd	201,253
9	BE & NW Rose	190,109
10	D & R Chaplin Pty Ltd	160,206

12 Directors' qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

Director	Directors' interests in A and B Class shares of Ricegrowers Limited	
	30 April 2008	30 April 2007
GF Lawson	201,254	187,921
DM Robertson	124,059	103,647
LJ Arthur (appointed 24/8/07)	120,402	-
NG Graham	71,277	64,770
G Helou	-	-
RA Higgins	-	-
GL Kirkup	25,668	23,325
GF Latta	-	-
N McAllister	2,511	2,282
AD Walsh	107,799	93,935

Directors' Report

14 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson	14	14	-	-	-	-	3	3
DM Robertson	14	14	5	5	4	4	3	3
LJ Arthur	9	9	3	3	-	-	-	-
BL Barber	3	4	1	1	2	2	-	-
NG Graham	13	14	5	5	2	3	-	-
G Helou	14	14	5	5	-	-	-	-
RA Higgins	13	14	5	5	-	-	-	-
GL Kirkup	14	14	-	-	4	4	-	-
GF Latta	14	14	5	5	-	-	3	3
N McAllister	14	14	-	-	1	1	-	-
AD Walsh	13	14	-	-	4	4	-	-

15 Indemnification of officers

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

16 Remuneration Report (audited)

This report outlines Ricegrowers Limited's remuneration policy for Directors and Key Management Personnel (KMP) in accordance with *AASB124 Related Party Disclosures* and the requirements of the *Corporations Act 2001*. Details of other transactions with Key Management Personnel are disclosed in Note 31 and Note 34 to the financial statements.

(i) Principles used to determine the nature and amount of remuneration

In keeping with our vision to be truly world class in all aspects of our operations, our remuneration is guided by the need to foster a high performance culture and maintain market competitiveness. CEO and Senior Executive Salary packages are based on the level of responsibility of the role and are linked to performance based Key Performance Indicators. Salaries are determined by the Remuneration Committee chaired by Mr Grant Latta and approved by the Board after extensive consultation with remuneration experts including Newton Consulting, Mercer Human Resource Consulting and Slade Group. In addition, remuneration surveys from Corporate Remuneration Advisors, Australian Institute of Management, Mercer Human Resource Consulting and FMCG Careers are taken into consideration. This ensures that remuneration decisions are consistent with similar roles in comparable organisations. This reinforces our commitment to our Pay for Performance philosophy that attracts and retains highly skilled employees.

(ii) Non-executive directors

Ricegrowers Limited's constitution requires that the remuneration of directors for their services as directors be by fixed sum and not a commission or a percentage of profits or operating revenue. At the 2002 Annual General Meeting, shareholders determined the following Directors' fees and remuneration:

- A Director attending a duly convened meeting of the Board of Directors or a meeting of a Committee of the Board of Directors will receive a sitting fee of \$252.00 per meeting;
- A Director attending to the business of the Company under direction from the Board of Directors shall receive \$252.00 per day together with travelling and out-of-pocket expenses;
- The Chairman of Directors shall receive an additional allowance of \$58,400 per annum;
- The Deputy Chairman of Directors shall receive an additional allowance of \$36,150 per annum;
- External Directors shall receive an additional allowance of \$36,150 per annum;
- Each other member of the Board of Directors shall receive an additional allowance of \$25,030 per annum.

The non-executive directors do not receive equity-based remuneration or performance-based remuneration. Statutory superannuation is paid.

The non-executive directors receive a retirement allowance as defined in the constitution which adopts the arrangements permissible under *Section 237 of the Corporations Act*.

Directors' Report

16 Remuneration Report (continued)

(iii) Retirement allowances for directors

For Directors leaving after less than three years service the SCG superannuation contribution is payable. The Directors retirement allowance is payable for directors who leave after three years service and is pro rated between three and seven years. After seven years of service the retirement benefit payable on leaving is equal to the last three years' total emoluments. This is in accordance with the *Corporations Act 2001 sections 200A to 200J*.

(iv) Executive pay

The executive pay and reward framework has three components:

- * base pay and benefits
- * other remuneration such as superannuation
- * incentives

The combination of these comprises the executive's total remuneration.

(v) Base pay

Structured as a Total Fixed Remuneration package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion. While there is an annual salary review process, increases are not guaranteed.

(vi) Benefits

Executives are able to elect to take a range of benefits as part of their Total Fixed Remuneration package, including a company car, novated vehicle or car allowance; remote housing subsidy or travel allowance.

(vii) Retirement benefits

Retirement benefits are delivered under the relevant employers'/employees' superannuation fund. Ricegrowers Limited contributes the statutory 9% superannuation to an accumulation fund on behalf of all employees. Employees can elect to make additional contributions from their Total Fixed Remuneration, either pre or post tax.

(viii) Incentives/Bonuses

The CEO participates in both a short and long term incentive plan. Both plans are contingent upon Ricegrowers Limited and the CEO achieving predetermined performance targets set by the Board.

A discretionary bonus scheme has been in place in 2008 for management. Final values have been determined by the Remuneration Committee and the Board.

17 Directors' benefits

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

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

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

18 Prospectus

On 13 June 2008 a prospectus is to be issued.

Directors' Report

19 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 Group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below. The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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

	Consolidated	
	2008	2007
	\$	\$
Audit services		
Fees paid to PricewaterhouseCoopers Australian firm	334,330	424,375
Fees paid to related practices of PricewaterhouseCoopers Australian firm	99,586	99,196
Fees paid to non-PricewaterhouseCoopers Australian firm	11,534	-
Total remuneration for audit services	445,450	523,571
Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	-	181,617
Fees paid to related practices of PricewaterhouseCoopers Australian firm	4,900	-
Fees paid to non-PricewaterhouseCoopers audit firm	15,126	-
Total remuneration for other assurance services	20,026	181,617
Total remuneration for assurance services	465,476	705,188
Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm	362,721	396,517
Fees paid to related practices of PricewaterhouseCoopers Australian firm	15,327	-
Fees paid to non-PricewaterhouseCoopers audit firm	744	-
Total remuneration for taxation services	378,792	396,517

20 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 36.

21 Rounding of amounts

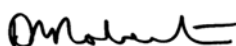
The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars or in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

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

For and on behalf of the Board.



GF Lawson
Chairman



DM Robertson
Deputy Chairman

Sydney
12 June 2008

Directors' Declaration

In the directors' opinion :

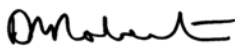
- (a) the financial statements and notes set out on pages 37 to 75 are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the company's and consolidated entity's financial position as at 30 April 2008 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date;
- (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; and
- (c) the audited remuneration disclosures set out on pages 32 to 33 of the directors' report comply with Accounting Standards *AASB 124 Related Party Disclosures* and the *Corporations Regulations 2001*.

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

For and on behalf of the Board.



GF Lawson
Chairman



DM Robertson
Deputy Chairman

Sydney
12 June 2008

Auditors' Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2008 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 its controlled entities during the year.



Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
12 June 2008

Income Statements

For the year ended 30 April 2008

	Note	Ricegrowers Limited		Consolidated	
		2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Sales revenue	4	535,921	584,487	707,653	733,880
Other revenue	4	6,775	5,228	2,829	4,190
Revenue from continuing operations		542,696	589,715	710,482	738,070
Other income	5	1,440	381	1,650	455
Changes in inventories of finished goods		32,437	35,606	29,273	14,232
Raw materials and consumables used		(376,779)	(389,371)	(482,644)	(459,875)
Employee benefits expense		(52,009)	(60,428)	(66,813)	(74,211)
Depreciation and amortisation expense	6	(12,416)	(11,366)	(22,781)	(20,359)
Finance costs		(15,181)	(19,940)	(20,295)	(23,257)
Other expenses	6	(111,155)	(134,873)	(128,794)	(153,251)
Share of net profit of associate accounted for using the equity method	14	-	-	378	772
Profit before income tax		9,033	9,724	20,456	22,576
Income tax expense	7	(1,707)	(3,925)	(5,479)	(7,752)
Profit for the year		7,326	5,799	14,977	14,824
Profit attributable to minority interests		-	-	(881)	(348)
Profit attributable to members of Ricegrowers Limited		7,326	5,799	14,096	14,476
Earnings per share for profit attributable to B Class Shareholders					
Basic and Diluted Earnings	33			0.46	0.57

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

Balance Sheets

As at 30 April 2008

	Note	Ricegrowers Limited		Consolidated	
		2008	2007	2008	2007
		\$000's	\$000's	\$000's	\$000's
Current assets					
Cash and cash equivalents	8	1,734	-	13,532	6,966
Receivables	9	97,170	95,446	80,091	85,051
Inventories	10	156,090	210,602	230,800	275,096
Derivative financial instruments	13	522	227	814	330
Total current assets		255,516	306,275	325,237	367,443
Non-current assets					
Receivables	9	6,985	7,775	1,000	1,000
Available-for-sale financial assets	12	321	386	332	397
Other financial assets	11	4,199	4,199	140	202
Property, plant and equipment	15	92,741	100,649	242,114	254,231
Investment properties	17	5,108	4,725	5,108	4,725
Intangible assets	16	3,473	3,896	7,455	7,717
Deferred tax assets	18	6,534	11,161	9,774	12,748
Investments accounted for using the equity method	14	3,588	3,588	5,712	5,334
Total non-current assets		122,949	136,379	271,635	286,354
Total assets		378,465	442,654	596,872	653,797
Current liabilities					
Payables	19	63,970	57,247	83,781	75,057
Grower payables	19	14,403	62,134	14,403	62,134
Borrowings	20	145,431	102,231	190,441	117,525
Current tax liabilities		1,914	1,715	2,945	1,767
Provisions	21	7,670	9,850	8,826	10,983
Derivative financial instruments	13	-	83	247	393
Total current liabilities		233,388	233,260	300,643	267,859
Non current liabilities					
Payables	19	-	-	79,215	88,962
Grower payables	19	1,154	8,585	1,154	8,585
Borrowings	20	42,029	113,157	77,081	171,957
Deferred tax liabilities	22	2,010	1,832	3,396	2,533
Provisions	21	1,358	1,702	2,603	2,826
Total non-current liabilities		46,551	125,276	163,449	274,863
Total liabilities		279,939	358,536	464,092	542,722
Net assets		98,526	84,118	132,780	111,075
Equity					
Contributed equity	23	54,194	39,573	54,194	39,573
Reserves	24	19,280	19,128	20,068	19,992
Retained profits	24	25,052	25,417	53,262	46,857
Total parent entity interest		98,526	84,118	127,524	106,422
Minority interest	30	-	-	5,256	4,653
Total equity		98,526	84,118	132,780	111,075

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

Statements of changes in equity

For the year ended 30 April 2008

	Note	Ricegrowers Limited		Consolidated	
		2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Total equity at the beginning of the financial year		84,118	76,955	111,075	97,017
Changes in the fair value of available-for-sale financial assets, net of tax	24	(38)	5	(38)	2
Changes in the fair value of cash flow hedges, net of tax	24	190	(1,298)	369	(1,331)
Movement in minority interest in reserves		-	-	603	(465)
Exchange differences on translation of foreign operations	24	-	-	(255)	(1,281)
Net income/(loss) recognised directly in equity		152	(1,293)	679	(3,075)
Profit for the year		7,326	5,799	14,096	14,476
Total recognised income and expense for the year		7,478	4,506	14,775	11,401
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	23	14,621	8,537	14,621	8,537
Dividends provided or paid	25	(7,691)	(5,880)	(7,691)	(5,880)
		6,930	2,657	6,930	2,657
Total equity at the end of the financial year		98,526	84,118	132,780	111,075

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

Cash Flow Statements

For the year ended 30 April 2008

	Note	Ricegrowers Limited		Consolidated	
		2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		545,194	617,375	715,441	769,556
Payments to suppliers (inclusive of goods and services tax)		(385,252)	(324,955)	(515,055)	(445,645)
Payments of wages, salaries and on-costs		(54,480)	(58,436)	(69,141)	(72,083)
Dividends received		360	369	15	23
Interest received		682	1,914	772	1,214
Other charges reimbursed		1,662	2,945	2,128	3,430
Interest paid		(15,484)	(19,893)	(21,189)	(23,257)
Subsidiary performance fee income		3,940	10,265	-	-
Income taxes paid		(526)	(21)	(687)	(86)
		96,096	229,563	112,284	233,152
Payments to growers		(71,198)	(169,860)	(71,198)	(169,860)
Net cash inflow from operating activities	32	24,898	59,703	41,086	63,292
Cash flows from investing activities					
Payments for property, plant and equipment		(4,348)	(7,172)	(12,091)	(13,772)
Proceeds from sale of property, plant and equipment		558	1,032	944	1,169
Payments for intangibles		(102)	(1,000)	(420)	(1,008)
Repayment loans controlled entities		-	19,550	-	-
Payments for business		-	-	-	(2,700)
Proceeds from sale of investments		178	-	188	-
Proceeds from sale of investment properties		-	2,400	-	2,400
Net cash (outflow)/inflow from investing activities		(3,714)	14,810	(11,379)	(13,911)
Cash flows from financing activities					
Proceeds from borrowings		146,752	199,500	157,350	229,116
Repayment of borrowings		(157,082)	(265,170)	(159,124)	(265,170)
Proceeds from issue of shares		10,428	401	10,428	401
Repayment of rice bonds		(12,254)	(9,713)	(12,254)	(9,713)
Repayment of finance leases		(122)	(27)	(122)	(27)
RMB equity redemptions		-	-	(9,863)	-
Dividends paid to company's shareholders		(3,807)	(3,530)	(3,807)	(3,530)
Net cash outflow from financing activities		(16,085)	(78,539)	(17,392)	(48,923)
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the financial year		(3,365)	661	221	(591)
Effect of exchange rate changes on cash and cash equivalents		-	-	203	354
Cash and cash equivalents at end of year	8	1,734	(3,365)	12,739	221

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

Notes to the Financial Statements

1 Summary of significant accounting policies

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

(a) Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS's

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Ricegrowers Limited comply with International Financial Reporting Standards (IFRS's).

Historical cost convention

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

Critical accounting estimates

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

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Ricegrowers Limited ("company" or "parent entity") as at 30 April 2008 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates

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

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

(c) Foreign currency translation

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

Transactions denominated in a foreign currency are converted at the exchange rate achieved over the reporting period.

Foreign currency receivables and payables at balance date are translated at exchange rates current at that date.

Resulting exchange gains and losses are recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

The financial position of the Group entities is translated into Australian currency at exchange rates existing at balance date and the exchange gain or loss arising on translation is carried directly to a foreign currency translation reserve. Revenues and expenses are translated at the average rate ruling during the year.

(d) Investments and other financial assets

Investments have been brought to account as follows:

(i) Subsidiaries

Investments in subsidiaries are valued in the Company's accounts at cost less any amounts provided for impairment. Dividends are brought to account when proposed by the subsidiaries.

(ii) Associates

Investments in associated corporations, where significant influence exists, are accounted for in the consolidated financial statements using the equity method. This is further detailed in note 1(b).

(iii) Other corporations

Investments in listed corporations are accounted for as available-for-sale financial assets. Investments in unlisted corporations, other than subsidiaries and associates, are valued at cost. Dividends and interest are brought to account as they are received.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are comprised of principally marketable securities. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale financial assets revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. A prolonged and significant decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists 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 and loss, is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(v) Loans and receivables

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

(e) Investment property

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

(f) Inventory

Raw materials, finished goods, packaging materials and engineering and consumable stores have been valued on the basis of the lower of cost or net realisable value. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from standard costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products recovery on the basis of normal operating capacity.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

(h) Impairment of assets

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

Should there have been impairments in prior periods, assessment of trigger events will determine if a subsequent increase in value is required.

(i) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

Capitalised software and re-engineered systems are amortised over 3 years.

(j) Research and development costs

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

(k) Receivables and accounts payable

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

Trade accounts payable including accounts not yet billed are recognised when the consolidated entity becomes obliged to make future payments as a result of provision of assets, goods or services. Trade accounts payable are unsecured and generally settled within 30 days.

(l) Borrowings

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

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.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(m) Grower payables

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

(n) Employee benefits

Wages and salaries, annual and sick leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in accordance with the relevant awards in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

Termination benefits

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

(o) Income tax

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

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

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

Except where indicated, no provision has been made for any taxes on capital gains which could arise in the event of a sale of certain revalued non-current assets for the amounts at which they are stated in the financial statements as it is not expected that any such liability will crystallise through continued use.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Ricegrowers Limited and its wholly owned Australian controlled entities have adopted the tax consolidation legislation. The stand-alone taxpayer approach has been adopted. Under this approach each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separate taxable entity in its own right.

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

(p) Derivatives

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

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

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

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(q) Cash and cash equivalents

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

(r) Revenue recognition

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

(s) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(t) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

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

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

(u) Segment reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(v) Provisions

Provisions are recognised when the settlement of a future obligation is probable. Any change in the provision amount is recognised in the income statement.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(w) Dividends

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

(x) Comparatives

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

(y) Contributed equity

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

(z) Government assistance

Government assistance relating to costs is deferred and recognised in the income statement over the period necessary to match it with the costs that they are intended to compensate. Government assistance in the form of non interest bearing loans are stated at face value not fair value in accordance with AASB120.

(aa) Earnings per share

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

(ab) Commodity Contracts

Commodity contracts are derivative instruments that do not qualify for hedge accounting. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other revenue or expenses.

(ac) Rounding of amounts

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

(ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2008 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8.* AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 is likely to result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance.

The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) *Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101.* A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 May 2009.

2 Financial risk management

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

Notes to the Financial Statements

2 Financial risk management (continued)

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

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar (USD), Papua New Guinea Kina (PGK), Solomon Islands Dollar (SBD), Hong Kong Dollar (HKD), Japanese Yen (JPY) and Jordanian Dinar (JOD).

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

Forward contracts are used to manage foreign exchange risk. Each subsidiary is responsible for managing exposures in each foreign currency by using external forward currency contracts.

The Group's risk management policy is to hedge up to 60% of its US dollar foreign currency denominated exposure for the subsequent 12 months.

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

Consolidated - 30 April 2008	USD 000's	PGK 000's	SBD 000's	JOD 000's	HKD 000's	JPY 000's
Cash	1,127	2,582	4,462	-	6	-
Trade receivables	13,130	22,981	9,075	55	3,630	-
Bank loans	(198)	(29,920)	-	-	-	-
Trade payables	(24,856)	(13,109)	(397)	(127)	(30)	-
Forward exchange contracts:						
-selling foreign currency	(35,100)	-	-	-	-	-
-buying foreign currency	19,500	-	-	-	-	-
Net exposure - selling currency/(buying currency)	(26,397)	(17,466)	13,140	(72)	3,606	-

Consolidated - 30 April 2007	USD 000's	PGK 000's	SBD 000's	JOD 000's	HKD 000's	JPY 000's
Cash	1,695	4	-	-	20	-
Trade receivables	13,130	20,860	7,912	51	2,463	-
Bank loans	(205)	(25,814)	(5,034)	-	-	-
Trade payables	(13,950)	(12,798)	(339)	-	(885)	(9,781)
Forward exchange contracts:						
-selling foreign currency	(29,802)	-	-	-	-	-
-buying foreign currency	42,922	-	-	-	-	-
Net exposure - selling currency/(buying currency)	13,790	(17,748)	2,539	51	1,598	(9,781)

Ricegrowers Limited	2008 USD 000's	2008 HKD 000's	2008 JPY 000's	2007 USD 000's	2007 HKD 000's	2007 JPY 000's
Cash	779	6	-	1,484	19	-
Trade receivables	54,597	3,630	-	41,789	2,463	-
Bank loans	5,600	-	-	5,600	-	-
Trade payables	(24,902)	(30)	-	(13,841)	(885)	(9,781)
Forward exchange contracts						
selling foreign currency	(35,100)	-	-	(29,802)	-	-
Net exposure - selling currency/(buying currency)	974	3,606	-	5,230	1,597	(9,781)

Notes to the Financial Statements

2 Financial risk management (continued)

(i) Foreign exchange risk (continued)

Group sensitivity analysis

At 30 April 2008, had the US dollar moved by 0.5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$104,000 higher/lower (2007: \$70,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of US dollar assets and liabilities.

At 30 April 2008, had the Papua New Guinea Kina moved by 1.6 Kina to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$293,000 higher/lower (2007: \$298,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of Papua New Guinea Kina assets and liabilities.

At 30 April 2008, had the Solomon Islands dollar moved by 6.3 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$124,000 higher/lower (2007: \$32,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of Solomon Islands dollar assets and liabilities.

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

Ricegrowers Limited sensitivity analysis

At 30 April 2008, had the US dollar moved by 0.5 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been \$4,000 higher/lower (2007: \$27,000 higher/lower) mainly as a result of foreign exchange gain/loss on translation of US dollar assets and liabilities.

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

(ii) Cash flow and fair value interest rate risk

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

The Group and Ricegrowers Limited had the following variable rate borrowings and interest rate swap contracts outstanding:

30 April 2008	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans	8.4	158,700	7.7	238,762
Interest rate swap (notional principal amount)	5.9	(41,350)	6.1	(55,350)
Net exposure to cash flow interest rate risk		117,350		183,412

30 April 2007	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$000's	%	\$000's
Bank loans	6.9	172,395	6.9	246,489
Interest rate swap (notional principal amount)	5.9	(41,350)	6.1	(55,350)
Net exposure to cash flow interest rate risk		131,045		191,139

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

Group sensitivity analysis

At 30 April 2008, if interest rates had changed by + / - 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been \$321,000 lower/higher (2007: \$334,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

Ricegrowers Limited sensitivity analysis

At 30 April 2008, if interest rates had changed by + / - 25 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been \$205,000 lower/higher (2007: \$229,000 lower/higher) as a result of lower/higher interest expense on variable borrowings.

(iii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale financial assets. The Group's exposure to movements in equity securities price risk is not considered material.

Notes to the Financial Statements

2 Financial risk management (continued)

(b) Credit risk

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

(c) Liquidity risk

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

Financing arrangements

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

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
Floating rate:				
Bank overdraft - expiring within one year	5,000	1,635	9,963	3,300
Bank loans - expiring within one year	238,100	234,770	244,764	285,310
Bank loans - expiring beyond one year	400	400	5,900	14,000
	243,500	236,805	260,627	302,610

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

Maturities of financial liabilities

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

Consolidated - 30 April 2008	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	98,184	15,743	42,686	21,940	178,553	178,553
Variable rate	182,958	22,176	30,684	-	235,818	233,613
Fixed rate	11,733	12,695	13,382	-	37,810	33,909
Total non-derivatives	292,875	50,614	86,752	21,940	452,181	446,075
Derivatives						
Interest rate swaps - net settled	(257)	(533)	-	-	(790)	(790)
Foreign currency contracts						
- gross settled						
(inflow)	(58,470)	-	-	-	(58,470)	(24)
outflow	58,693	-	-	-	58,693	247
Total derivatives	(34)	(533)	-	-	(567)	(567)

Notes to the Financial Statements

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Consolidated - 30 April 2007	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	137,191	18,423	43,176	35,948	234,738	234,738
Variable rate	106,283	113,786	28,029	-	248,098	241,951
Fixed rate	20,138	10,970	22,006	-	53,114	47,531
Total non-derivatives	263,612	143,179	93,211	35,948	535,950	524,220
Derivatives						
Interest rate swaps - net settled	-	(180)	(122)	-	(302)	(302)
Foreign currency contracts - gross settled						
(inflow)	(87,781)	-	-	-	(87,781)	(28)
outflow	88,146	-	-	-	88,146	393
Total derivatives	365	(180)	(122)	-	63	63

Ricegrowers Limited - 30 April 2008	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	78,373	1,154	-	-	79,527	79,527
Variable rate	137,670	22,176	184	-	160,030	159,194
Fixed rate	10,249	12,387	8,245	-	30,881	28,266
Total non-derivatives	226,292	35,717	8,429	-	270,438	266,987
Derivatives						
Interest rate swaps - net settled	(257)	(241)	-	-	(498)	(498)
Foreign currency contracts - gross settled						
(inflow)	(37,600)	-	-	-	(37,600)	(24)
outflow	37,576	-	-	-	37,576	-
Total derivatives	(281)	(241)	-	-	(522)	(522)

Ricegrowers Limited - 30 April 2007	Less than 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Total carrying amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Non-derivatives						
Non-interest bearing	119,381	8,585	-	-	127,966	127,966
Variable rate	87,073	82,786	229	-	170,088	169,382
Fixed rate	14,882	10,970	22,006	-	47,858	42,641
Total non-derivatives	221,336	102,341	22,235	-	345,912	339,989
Derivatives						
Interest rate swaps - net settled	-	(180)	(47)	-	(227)	(227)
Foreign currency contracts - gross settled						
(inflow)	(35,946)	-	-	-	(35,946)	-
outflow	36,029	-	-	-	36,029	83
Total derivatives	83	(180)	(47)	-	(144)	(144)

Notes to the Financial Statements

3 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Impairment of assets

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

(b) Critical judgements in applying the entity's accounting policies

(i) Raw material inventory and amounts payable to growers

Raw materials and amounts payable to growers in the parent entity are valued in accordance with the inventory accounting policy in note 1(f). Raw materials in the form of paddy carried over from 2007 to 2008 has been valued at the actual grower return. Raw materials in the form of paddy carried over from 2006 to 2007 has been valued at the expected paddy return.

4 Revenue	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Sales revenue				
Sale of goods	535,921	584,487	706,555	732,612
Services	-	-	1,098	1,268
	535,921	584,487	707,653	733,880
Other revenue				
Interest received	682	1,914	773	1,214
Dividends received	360	369	15	23
Other sundry items	927	586	1,175	594
Grain storage fee income	109	443	109	443
Commodity contracts	757	1,916	757	1,916
Subsidiary performance fee income	3,940	-	-	-
	6,775	5,228	2,829	4,190
	542,696	589,715	710,482	738,070

5 Other income	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Net gain on disposal of property, plant and equipment	-	381	-	406
Fair value adjustment to investment properties	383	-	383	-
Net gain on disposal of available-for-sale financial assets	169	-	169	-
Foreign exchange gains	888	-	1,098	49
	1,440	381	1,650	455

Notes to the Financial Statements

6 Expenses	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Profit before income tax includes the following specific expenses:				
Contributions to employee superannuation plans	1,805	2,203	2,538	2,831
Depreciation and amortisation				
Buildings	1,194	1,299	7,710	6,897
Plant and equipment	10,686	9,623	14,201	12,653
Leasehold improvements	11	16	192	247
Patents/brands and software	525	428	678	562
Total depreciation and amortisation expense	12,416	11,366	22,781	20,359
Other expenses				
Freight and distribution costs	35,623	53,567	51,205	67,738
Rice Marketing Board fees	243	878	243	878
AGS storage asset charge	12,396	7,832	-	-
Energy	5,796	9,902	6,402	10,369
Water procurement	2,377	10,321	2,377	10,321
Contracted services	9,782	7,738	9,207	6,953
Operating lease expenditure	3,485	3,491	6,613	5,814
Research and development	1,000	3,754	519	3,162
Advertising and artwork	3,767	3,546	7,167	6,625
Fair value adjustment to investment properties	-	350	-	350
Redundancy expenses	8,600	-	8,600	-
Net loss on disposal of property, plant and equipment	72	-	414	-
Impairment losses - trade receivables	29	55	33	56
Other	27,985	33,439	36,014	40,985
Total other expenses	111,155	134,873	128,794	153,251

7 Income tax expense	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
(a) Income tax expense				
Current tax expense	(3,265)	(4,378)	(8,233)	(8,386)
Deferred tax benefit	621	1,005	2,225	1,112
Adjustments for current tax of prior periods	937	(552)	529	(478)
Income tax expense attributable to profit from continuing operations	(1,707)	(3,925)	(5,479)	(7,752)
<i>Deferred income benefit/(expense) included in income tax expense comprises:</i>				
Increase/(decrease) in deferred tax assets (note 18)	602	(976)	2,810	(930)
(Increase)/decrease in deferred tax liabilities (note 22)	19	1,981	(585)	2,042
	621	1,005	2,225	1,112

Notes to the Financial Statements

7 Income tax expense (continued)	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before related income tax	9,033	9,724	20,456	22,576
Income tax expense calculated at the Australian rate of tax of 30% (2007:30%)	(2,710)	(2,917)	(6,137)	(6,773)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:				
Entertainment	(23)	(26)	(32)	(34)
Income from controlled foreign companies	(102)	(97)	(102)	(97)
Tax offset for intercompany dividends	4	104	4	104
Research & development	106	103	102	103
Sundry items	81	(475)	157	(524)
	66	(391)	129	(448)
Adjustments for current tax of prior periods	937	(552)	529	(478)
Effect of timing differences and tax losses (not booked)/recovered	-	(65)	-	(53)
Income tax expense	(1,707)	(3,925)	(5,479)	(7,752)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (note 18 and 22)	(65)	378	(157)	337

(d) Tax consolidation legislation

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

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

Notes to the Financial Statements

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
8 Cash and cash equivalents				
Cash at bank and on hand	1,734	-	13,532	3,966
Deposits at call	-	-	-	3,000
	1,734	-	13,532	6,966

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

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

Cash and cash equivalents	1,734	-	13,532	6,966
Less: Bank overdraft (note 20)	-	(3,365)	(793)	(6,745)
Balances per statement of cash flows	1,734	(3,365)	12,739	221

(b) Interest rate risk exposure

The Group's and the Company's exposure to interest rate risk is discussed in note 2.

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
9 Receivables				
Current				
Trade receivables	42,302	46,012	72,988	75,226
Provision for impairment of receivables (note a)	(111)	(113)	(188)	(297)
	42,191	45,899	72,800	74,929
Other receivables	918	227	2,930	2,377
Owing by subsidiaries	51,367	42,657	-	-
GST receivable	1,186	5,556	1,193	5,556
Prepayments	1,508	1,107	3,168	2,189
	97,170	95,446	80,091	85,051
Non-current				
Loan receivable	1,000	1,000	1,000	1,000
Owing by subsidiaries	5,985	6,775	-	-
	6,985	7,775	1,000	1,000

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

1 to 3 months	86	30	164	114
3 to 6 months	112	173	112	274
	198	203	276	388

Impaired receivables mainly relate to customers that are in unexpectedly difficult economic situations. It is expected these receivables will be recovered.

Notes to the Financial Statements

9 Receivables (continued)	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Movements in the provision for impairment of trade receivables is as follows:				
At May 2007	113	58	297	242
Provision for impairment recognised during the year	29	55	33	56
Receivables written off during the year as uncollectible	(68)	-	(72)	(1)
Foreign currency difference on translation	-	-	(6)	-
Unused amount reversed	37	-	(64)	-
	111	113	188	297

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

(b) Past due but not impaired

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

Up to 3 months	1,257	2,434	5,533	6,737
3 to 6 months	187	134	377	169
	1,444	2,568	5,910	6,906

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

(c) Foreign exchange and interest rate risk

Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in note 2.

(d) Fair values

The Directors consider the carrying amount of trade receivables and amounts owing by subsidiaries approximate their fair value.

(e) Credit risk

Refer note 2 for more information on the risk management policy and the credit quality of trade receivables.

10 Inventories	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Raw materials at net realisable value	61,526	146,942	92,204	166,372
Finished goods at net realisable value	86,964	54,527	126,222	96,949
Packaging materials at net realisable value	3,353	4,902	7,329	6,148
Engineering and consumable stores at cost	4,247	4,231	5,045	5,627
	156,090	210,602	230,800	275,096

11 Other financial assets	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Shares in subsidiaries	4,173	4,173	-	-
Other unlisted securities	26	26	140	202
	4,199	4,199	140	202

Notes to the Financial Statements

	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
12 Available-for-sale financial assets				
At beginning of year	386	380	397	394
Revaluation	(65)	6	(65)	3
At end of year	321	386	332	397
Listed securities	321	386	332	397

Fair value is the market value of these securities taken at the bid price at close of business on 30 April 2008.

	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
13 Derivative financial instruments				
Current assets				
Interest rate swaps (cash flow hedges)	498	227	790	302
Forward foreign exchange contracts (cash flow hedges)	24	-	24	28
	522	227	814	330
Current liabilities				
Forward foreign exchange contracts (cash flow hedges)	-	83	247	393

(a) Instruments used by the Group

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

(i) Interest rate swaps - cash flow hedges

The consolidated entity has entered into interest rate swap contracts that entitle it to receive interest at floating rates on notional principal amounts, and oblige it to pay interest at fixed rates on the same amounts. The interest rate swaps allow the economic entity to raise long-term borrowings at floating rates and effectively swap them into fixed rates. Under the interest rate swaps, the entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Consolidated and Ricegrowers Limited

Swaps currently in place cover 50% (2007: 50%) of the bank core debt loan principal outstanding. The fixed interest rates range between 5.795% - 6.275% (2007: 5.795%-6.275%) and the variable rates are between 8.23% and 8.56% for the 90 day bank bill term, which at balance date was 8.54% (2007: 6.39%).

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

(ii) Forward exchange contracts - cash flow hedges

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

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

Consolidated

During the year ended 30 April 2008 a loss of \$217,000 (2007 - gain \$1,837,000) was reclassified from equity and included within the hedged item. There was hedge ineffectiveness resulting in a gain of \$24,000 in the current year (2007 - loss of \$83,000) that was recognised in other income or other expenses.

Ricegrowers Limited

During the year ended 30 April 2008 there was no gain/loss reclassified from equity. There was hedge ineffectiveness resulting in a gain of \$24,000 in the current year (2007 - loss of \$83,000) that was recognised in other income or other expenses.

(b) Risk Exposure

Information about the Group's and Company's exposure to credit risk, foreign exchange and interest rate risk is provided in note 2.

Notes to the Financial Statements

14 Investments accounted for using the equity method	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Shares in associates	3,588	3,588	5,712	5,334

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest		Consolidated carrying amount \$000's	Ricegrowers Limited carrying amount \$000's
		2008	2007		
Herto NV (incorporated in Belgium)	Manufacturing	33%	33%	4,909	3,588
Pagini Transport (incorporated in Papua New Guinea)	Transport	31.56%	31.56%	803	-

	2008 \$000's	2007 \$000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	5,334	4,287
Transfer Pagini investment from other financial assets	-	340
Share of profit after related income tax	378	772
Foreign currency difference	-	(65)
Carrying amount at the end of the financial year	5,712	5,334

(b) Share of associates' profits		
Profit before related income tax	553	1,020
Income tax expense	(175)	(248)
Profits after related income tax	378	772

(c) Summarised financial information of associates

	Assets \$000's	Liabilities \$000's	Revenues \$000's	Profits \$000's
2008				
Herto NV	36,009	26,388	39,119	986
Pagini Transport	8,415	5,955	4,837	244
2007				
Herto NV	31,951	23,425	33,002	899
Pagini Transport	6,718	4,480	1,039	345

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

Pagini was equity accounted for the first time at 30 April 2007. The share of the profit includes the consolidated entity's share of the accumulated profits.

Notes to the Financial Statements

15 Property, plant and equipment	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Freehold land				
At cost	4,261	4,543	9,374	9,656
Buildings				
At cost	52,314	51,238	178,257	177,608
Less accumulated depreciation	(22,667)	(21,484)	(34,842)	(27,241)
	29,647	29,754	143,415	150,367
Leasehold improvements				
At cost	1,700	1,700	9,572	4,970
Less accumulated depreciation	(1,238)	(1,227)	(1,909)	(1,654)
	462	473	7,663	3,316
Plant and equipment				
At cost	158,086	157,468	196,321	197,215
Less accumulated depreciation	(100,752)	(93,589)	(116,023)	(109,640)
	57,334	63,879	80,298	87,575
Under finance lease	646	381	646	381
Less accumulated depreciation	(201)	(49)	(201)	(49)
	57,779	64,211	80,743	87,907
Capital works in progress				
At cost	592	1,668	919	2,985
	92,741	100,649	242,114	254,231

Reconciliations

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

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
Consolidated	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2007	160,023	3,316	87,907	2,985	254,231
Additions	-	476	1,874	9,741	12,091
Recognition of finance lease	-	-	265	-	265
Capital works in progress reclassifications	1,102	4,100	6,599	(11,801)	-
Transfers/disposals/scrapping	(626)	(1)	(731)	-	(1,358)
Depreciation expense	(7,710)	(192)	(14,201)	-	(22,103)
Foreign currency differences	-	(36)	(970)	(6)	(1,012)
Carrying amount at 30 April 2008	152,789	7,663	80,743	919	242,114

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
Ricegrowers Limited	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2007	34,297	473	64,211	1,668	100,649
Additions	-	-	-	4,348	4,348
Recognition of finance lease	-	-	265	-	265
Capital works in progress reclassifications	1,092	-	4,332	(5,424)	-
Transfers/disposals/scrapping	(287)	-	(343)	-	(630)
Depreciation expense	(1,194)	(11)	(10,686)	-	(11,891)
Carrying amount at 30 April 2008	33,908	462	57,779	592	92,741

Notes to the Financial Statements

15 Property, plant and equipment (continued)

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
Consolidated	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2006	43,133	2,745	86,955	3,905	136,738
Additions	123,380	93	5,816	11,466	140,755
Recognition of finance lease	-	-	154	-	154
Capital works in progress reclassifications	1,909	988	9,325	(12,222)	-
Transfers/disposals/scrapping	(982)	-	(104)	-	(1,086)
Depreciation expense	(6,897)	(247)	(12,653)	-	(19,797)
Foreign currency differences	(520)	(263)	(1,586)	(164)	(2,533)
Carrying amount at 30 April 2007	160,023	3,316	87,907	2,985	254,231

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Capitalised WIP	Totals
Ricegrowers Limited	\$000's	\$000's	\$000's	\$000's	\$000's
Carrying amount at 1 May 2006	34,595	489	68,135	1,693	104,912
Additions	-	-	-	7,172	7,172
Recognition of finance lease	-	-	154	-	154
Capital works in progress reclassifications	1,395	-	5,802	(7,197)	-
Transfers/disposals/scrapping	(394)	-	(257)	-	(651)
Depreciation expense	(1,299)	(16)	(9,623)	-	(10,938)
Carrying amount at 30 April 2007	34,297	473	64,211	1,668	100,649

Purchase of Rice Storage Assets

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

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

Assets pledged as security

There are fixed and floating charges over all fixed assets.

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
16 Intangibles				
Goodwill	185	185	2,823	2,827
Patents and brands	3,379	3,379	5,191	5,191
Less accumulated amortisation	(812)	(641)	(1,595)	(1,290)
	2,567	2,738	3,596	3,901
Software	2,119	2,018	2,462	2,042
Less accumulated amortisation	(2,031)	(1,878)	(2,059)	(1,886)
	88	140	403	156
Other	1,000	1,000	1,000	1,000
Less accumulated amortisation	(367)	(167)	(367)	(167)
	633	833	633	833
	3,473	3,896	7,455	7,717

Notes to the Financial Statements

16 Intangibles (continued)

Consolidated	Goodwill \$000's	Brands \$000's	Software \$000's	Other \$000's	Total \$000's
Carrying amount at 1 May 2007	2,827	3,901	156	833	7,717
Additions	-	-	420	-	420
Amortisation charge	-	(305)	(173)	(200)	(678)
Foreign exchange difference on translation	(4)	-	-	-	(4)
Closing net book amount	2,823	3,596	403	633	7,455

Ricegrowers Limited	Goodwill \$000's	Brands \$000's	Software \$000's	Other \$000's	Total \$000's
Carrying amount at 1 May 2007	185	2,738	140	833	3,896
Additions	-	-	102	-	102
Amortisation charge	-	(171)	(154)	(200)	(525)
Closing net book amount	185	2,567	88	633	3,473

Goodwill is specific to each cash generating unit and allocated as follows.

	2008 \$000's	2007 \$000's
Rice Milling and Marketing	33	37
Coprice	185	185
Other Complementary businesses	2,605	2,605
	2,823	2,827

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management for the forthcoming year. Cash flows beyond the following 2008 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

CGU	Growth Rate		Discount Rate	
	2008	2007	2008	2007
	%	%	%	%
Rice Milling and Marketing	2.4	2.4	10.0	9.0
Coprice	2.4	2.4	10.0	9.0
Other Complementary Businesses	2.4	2.4	10.0	9.0

The average growth rates used are consistent with industry forecasts. The discount rates used are pre-tax and reflect risks relating to the CGU's.

	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
At fair value				
Opening balance at 1 May 2007	4,725	7,475	4,725	7,475
Disposal	-	(2,400)	-	(2,400)
Net gain/(loss) from fair value adjustment	383	(350)	383	(350)
Closing balance at 30 April 2008	5,108	4,725	5,108	4,725

Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The company has two investment properties. The Griffith site was valued in 2008 by a certified practising valuer. The Yenda site is in the process of being sold subject to the terms of the purchase agreement.

Notes to the Financial Statements

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
18 Deferred tax assets				
The balance comprises temporary differences attributable to:				
Provisions	2,394	3,167	3,237	3,887
Accruals	428	508	643	553
Depreciation	1,287	74	1,710	229
Tax losses	-	6,967	-	7,528
Foreign exchange	2,235	247	2,235	247
Inventories	-	-	1,757	-
Other	190	198	192	210
	6,534	11,161	9,774	12,654
Cash flow hedges	-	-	-	93
Available-for-sale financial assets	-	-	-	1
Total deferred tax assets	6,534	11,161	9,774	12,748

Movements

Opening balance at 1 May 2007	11,161	21,359	12,748	22,075
Credited/(charged) to income statement	602	(976)	2,810	(930)
Adjustment deferred tax prior period	1,738	193	1,278	411
Utilisation of tax losses	(6,967)	(9,293)	(6,968)	(8,732)
Charged to equity	-	(122)	(94)	(76)
Closing balance at 30 April 2008	6,534	11,161	9,774	12,748

There are no unrecognised tax losses.

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
19 Payables				
Current				
Trade and other payables	52,346	44,780	76,090	69,177
Owing to subsidiaries	3,933	6,587	-	-
Amounts payable to growers	14,403	62,134	14,403	62,134
Dividends	7,691	5,880	7,691	5,880
	78,373	119,381	98,184	137,191
Non-current				
Amounts payable to growers	1,154	8,585	1,154	8,585
Trade and other payables	-	-	79,215	88,962
	1,154	8,585	80,369	97,547

(a) Fair values

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

(b) Risk exposure

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

Notes to the Financial Statements

20 Borrowings	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Current				
Secured				
Bank overdrafts	-	3,365	793	6,745
Bank loans	136,700	86,330	180,917	98,244
Lease liability (note 28)	156	79	156	79
Unsecured				
Rice bonds (note 27)	8,575	12,457	8,575	12,457
	145,431	102,231	190,441	117,525
Non current				
Secured				
Bank loans	22,000	82,700	57,052	141,500
Lease liability (note 28)	338	273	338	273
Unsecured				
Rice bonds (note 27)	19,691	30,184	19,691	30,184
	42,029	113,157	77,081	171,957

(a) Significant terms and conditions of bank facilities

The bank loans, including overdrafts and facilities of the company, are secured by specific registered mortgages over property, registered equitable mortgages over all assets, and a cross-guarantee between Ricegrowers Limited and subsidiary, Riviana Foods Pty Ltd, all of which are held in trust on behalf of the company's banks by Commonwealth Custodial Services Limited. The liabilities associated with controlled entities are secured by way of registered first mortgages over property. In addition, debt covenants apply to the above bank loans.

Current bank loans include \$60.7m of core funding loans previously included in non current bank loans in the prior year. These loans are being re-negotiated as part of the normal review of the company's three year facilities. The company is confident that these facilities will be renewed.

(b) Fair values

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

(c) Carrying amount of all assets pledged as security

There is a fixed and floating charge over all fixed assets disclosed in note 15.

(d) Risk exposure

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

21 Provisions	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Current				
Employee benefits (note 29)	6,870	8,955	8,026	10,088
Employee allowances	83	125	83	125
Directors' retirement benefits	717	770	717	770
	7,670	9,850	8,826	10,983
Non current				
Employee benefits (note 29)	1,358	1,702	2,603	2,826
	1,358	1,702	2,603	2,826

(a) Aggregate employee entitlement benefits

Aggregate employee entitlements include benefits measured at present values of future amounts expected to be paid based on projected weighted average increase in wage and salary rates over an average period of 10 years. Present values are calculated using a weighted average rate of 6.29% based on government guaranteed securities with similar maturity terms.

Notes to the Financial Statements

21 Provisions (continued)

(b) Fair values

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

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
22 Deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Prepayments	40	48	63	122
Inventories	1,276	1,269	1,765	1,269
Investment property	504	390	504	390
Depreciation	-	-	774	526
Other	-	-	12	11
	1,820	1,707	3,118	2,318
Cash flow hedges	149	68	237	158
Available-for-sale financial assets	41	57	41	57
Net deferred tax liabilities	2,010	1,832	3,396	2,533
Movements				
Opening balance at 1 May 2007	1,832	6,303	2,533	6,933
(Credited)/charged to profit and loss	(19)	(1,981)	585	(2,042)
Adjustment deferred tax prior period	132	(1,990)	215	(1,945)
Charged/(credited) to equity	65	(500)	63	(413)
Closing balance at 30 April 2008	2,010	1,832	3,396	2,533

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
23 Contributed equity				
(a) Share capital				
Fully paid Ordinary B Class Shares	54,194	39,573	54,194	39,573

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

Date	Details	Number of shares	Issue price	\$'000
1 May 2006	Balance	23,359,405		31,036
11 July 2006	Dividend Reinvestment	697,100	\$2.14	1,492
26 September 2006	Issue shares	37,000	\$2.14	79
30 November 2006	Share Issue Offer	3,254,990	\$2.14	6,966
1 May 2007	Balance	27,348,495		39,573
16 July 2007	Dividend Reinvestment (i)	967,998	\$2.14	2,072
27 July 2007	Issue shares (ii)	330,965	\$2.14	708
20 December 2007	Share Issue Offer (iii)	5,533,431	\$2.14	11,841
30 April 2008	Balance	34,180,889		54,194

B Class shares

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

(i) Dividend Reinvestment

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

(ii) Share issue

At 30 April 2007, 330,965 shares remained unpaid from the November 2006 share issue offer. In July 2007 these shares were fully paid.

Notes to the Financial Statements

23 Contributed equity (continued)

B Class shares (continued)

(iii) Share Issue Offer

On 8 October 2007, Ricegrowers Limited issued a prospectus for the issue of B Class shares to existing shareholders.

As at 20 December 2007 the issue resulted in 5,533,431 fully paid shares being issued. 991,221 shares (\$2,121,210) were paid for by the conversion of rice bonds and 4,542,210 shares (\$9,720,330) were paid in cash.

A Class shares

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

At 30 April 2008, 1,106 (2007:1,139) A Class shares were on issue.

(c) Capital risk management

The Group's and Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so they can continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure, the Board may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
24 Reserves and retained profits				
Reserves				
General reserve	18,657	18,657	28,450	28,450
Asset revaluation reserve	-	-	4,917	4,917
Foreign currency translation reserve	-	-	(13,960)	(13,705)
Hedging reserve - cash flow hedges	349	159	383	14
Available-for-sale financial assets revaluation reserve	274	312	278	316
	19,280	19,128	20,068	19,992
(a) Movements				
Foreign currency translation reserve				
Balance 1 May 2007	-	-	(13,705)	(12,424)
Net exchange difference on translation of overseas controlled entities	-	-	(255)	(1,281)
Balance 30 April 2008	-	-	(13,960)	(13,705)
Hedging reserve - cash flow hedges				
Balance 1 May 2007	159	1,457	14	1,345
Revaluation - gross	270	(1,677)	608	(1,510)
Deferred tax	(80)	379	(239)	179
Balance 30 April 2008	349	159	383	14
Available-for-sale financial assets revaluation reserve				
Balance 1 May 2007	312	307	316	314
Revaluation - gross	101	6	101	3
Deferred tax	(30)	(1)	(30)	(1)
Transfer to net profit - gross	(155)	-	(155)	-
Deferred tax	46	-	46	-
Balance 30 April 2008	274	312	278	316
Retained profits				
Balance 1 May 2007	25,417	25,498	46,857	38,261
Net profit for the year	7,326	5,799	14,096	14,476
Dividends provided for or paid	(7,691)	(5,880)	(7,691)	(5,880)
Balance 30 April 2008	25,052	25,417	53,262	46,857

Notes to the Financial Statements

24 Reserves and retained profits (continued)

(b) Nature and purpose of reserves

(i) Asset revaluation reserve

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

(ii) General reserve

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

(iii) Foreign currency translation reserve

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

(iv) Hedging reserve - cash flow hedges

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

(v) Available-for-sale financial assets revaluation reserve

Changes in the fair value of equities are taken to the available-for-sale financial assets revaluation reserve, as described in note 1(d). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
25 Unfranked Dividends				
Final dividend declared for the year ended 30 April 2008 of 22.5 cents (2007: 21.5 cents) per fully paid share	7,691	5,880	7,691	5,880

26 Contingencies

Contingent liabilities

The estimated maximum amounts of contingent liabilities not provided for in the accounts of Ricegrowers Limited and its controlled entities as at 30 April 2008 are:

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
Discounted export bill proceeds (guarantees)	589	11,040	589	11,040
Letters of credit	12,251	11,738	12,251	11,738
Guarantee of bank advances:				
- controlled entities	-	2,751	-	2,751
- other guarantees	197	452	1,015	511
	13,037	25,981	13,855	26,040

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
27 Rice bonds				
Due for repayment:				
Within one year	8,575	12,457	8,575	12,457
Within one to two years	11,588	9,185	11,588	9,185
Within three to five years	8,103	20,999	8,103	20,999
	28,266	42,641	28,266	42,641
Representing:				
Current (note 20)	8,575	12,457	8,575	12,457
Non current (note 20)	19,691	30,184	19,691	30,184
	28,266	42,641	28,266	42,641

Effective July 1997, Ricegrowers Limited has issued Rice Bonds as an alternative funding mechanism. The Rice Bonds are subordinated and amount to \$28,266,000 (2007: \$42,641,000). The bonds are repayable between 3 and 7 years. Interest is payable annually in arrears at an average rate of 7.8% (2007: 8.6%).

Notes to the Financial Statements

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
28 Commitments for expenditure				
(a) Capital commitments				
(property, plant and equipment)				
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	187	515	191	958
(b) Lease commitments				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	1,839	2,547	4,910	5,363
Later than one year but not later than five years	1,248	2,188	12,612	14,818
Later than five years	28	-	7,587	10,558
	3,115	4,735	25,109	30,739
Representing:				
Cancellable operating leases	3,115	4,735	25,109	30,739
Commitments in relation to finance leases are payable as follows:				
Within one year	172	79	172	79
Later than one year but not later than five years	360	320	360	320
Minimum lease payments	532	399	532	399
less: future finance charges	(38)	(47)	(38)	(47)
Recognised as a liability	494	352	494	352
Representing lease liabilities:				
Current (note 20)	156	79	156	79
Non current (note 20)	338	273	338	273
	494	352	494	352

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

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$000's	\$000's	\$000's	\$000's
29 Employee benefits				
(a) Employee benefits and related on cost liabilities				
Provision for employee benefits (note 21)				
Current	6,870	8,955	8,026	10,088
Non-current	1,358	1,702	2,603	2,826
Aggregate employee entitlement benefits	8,228	10,657	10,629	12,914
Employee numbers		Number		Number
Average number of employees during the year	639	774	1,693	1,657

Notes to the Financial Statements

29 Employee benefits (continued)

(b) Superannuation plan/commitments

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

Subsidiary Riviana Foods Pty Ltd, operates a defined benefit superannuation plan for 4 employees, Riviana Foods Superannuation Plan.

An actuarial valuation was performed as at 1 July 2006, which showed the plan was in surplus by \$125,000. At 30 April 2008, an actuarial estimate of the value of the plan was performed, which showed the plan was in surplus by \$54,000.

The following sets out the details for the defined benefit members of the Riviana Foods Superannuation plan.

	Consolidated	
	2008	2007
	\$000's	\$000
Net Assets	497	822
less: Vested Benefits	(443)	(665)
Surplus	54	157

30 Investments in subsidiaries

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

Subsidiaries

Name of entity	Principal activities	Direct/indirect interest in ordinary shares/equity	
		2008	2007
		%	%
(i) SunRice Trading Pty Ltd	Distribution of Rice	100	100
(i)@ Rice Research Australia Pty Ltd	Research into rice growing	100	100
(i) Australian Grain Storage Pty Ltd	Grain Storage Assets	100	100
(i)^ SunRice Australia Pty Ltd	Marketing	100	100
(i)^ Silica Resources Pty Ltd	Investment Co	100	100
(i)* Riviana Foods Pty Ltd	Importation /distribution of food products	100	100
(ii) (iii) * Trukai Industries Limited	Distribution of rice	66.23	66.23
(iii)* Trukai (Wholesale) Limited	Distribution of rice	66.23	66.23
(iii)* Rice Industries Limited	Property	66.23	66.23
(iv)* Solomons Rice Company Limited	Distribution of rice	100	100
(v)* SunArise Insurance Company Ltd	Insurance Co	100	100
(i) ^ Australian Rice Growers Co-operative Ltd	Marketing	100	100
(vi)* Aqaba Processing Company Ltd	Rice packing/storage	80	80
(i) ^ Hulltech Pty Ltd	Marketing	100	100
(i) Ricegrowers Superannuation Plan Pty Ltd	Superannuation Trust Co	100	100
(i)^ Seatide Pty Ltd	Distribution of rice	100	100
(vii) Sunshine Rice, Inc	Marketing	100	100
(i)^ Stockfeed Manufacture & Distribution Pty Ltd	Distribution of rice	100	100

Legend

(i) Incorporated in Australia

(ii) Ricegrowers Limited holds Ordinary "A" Class shares in Trukai Industries Ltd

(iii) Incorporated in Papua New Guinea

(iv) Incorporated in Solomon Islands

(v) Incorporated in Bermuda

(vi) Incorporated in Jordan

(vii) Incorporated in USA

* Controlled entity audited by another PricewaterhouseCoopers firm

@ Controlled entity not audited as it is a small proprietary company not required to prepare financial statements

^ Dormant

Notes to the Financial Statements

30 Investments in subsidiaries (continued)

Minority interests

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

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

	Consolidated	
	2008	2007
	\$000's	\$000's
Interest in:		
Contributed equity	359	359
Reserves	919	985
Retained profits	3,978	3,309
	5,256	4,653

31 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 30.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 34.

(d) Transactions with related parties

During the year the company entered into the following transaction types with entities in the wholly owned group or key management personnel; sale of rice and other rice products, purchase of paddy rice; receipt of management fees and payment of licence and packaging fees; advancement of loans and receipt of loans. The transactions were made on negotiated terms and conditions and at market rates except for interest free loans between controlled entities.

	Ricegrowers Limited	
	2008	2007
	\$000's	\$000's
(i) Transaction type and class of other party		
Sale of rice to controlled entities	146,779	152,079
Dividends received from controlled entities	345	345
Subsidiary performance fee income	3,940	-
Interest revenue from group entities	17	815
(ii) Amounts receivable from and payable to entities in the wholly owned group		
Aggregate amounts receivable at balance date from:		
- Current - controlled entities	51,367	42,657
- Non-current - controlled entities	5,985	6,775
	57,352	49,432
Aggregate amounts payable at balance date to:		
- Current - controlled entities	3,933	6,587

No provisions for impairment have been raised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

Notes to the Financial Statements

	Ricegrowers Limited		Consolidated	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
32 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities				
Profit for the year	7,326	5,799	14,096	14,476
Depreciation and amortisation	12,416	11,366	22,781	20,359
Loss/(profit) on sale/disposal of property, plant and equipment	72	(381)	414	(406)
(Gain)/loss on fair value revaluation of investment property	(383)	350	(383)	350
Gain on sale of investments	(169)	-	(169)	-
(Gain)/loss on fair value adjustment to derivatives	(107)	83	(107)	83
Provision for impairment investments	-	1,872	-	-
Share of associates net profit	-	-	(378)	(772)
Changes in operating assets and liabilities				
(Increase)/decrease in trade and other receivables	(932)	8,671	4,960	(8,858)
Decrease in other operating assets	-	-	-	14
Decrease in inventories	54,513	92,600	44,878	109,804
Decrease in amounts payable to growers	(55,163)	(94,587)	(55,163)	(94,587)
Increase in trade and other creditors and employee entitlements	2,387	25,931	5,367	15,590
Increase in provision for income taxes payable	199	1,715	1,178	1,767
Decrease in deferred tax balances	4,739	6,284	3,612	5,472
Net cash inflows from operating activities	24,898	59,703	41,086	63,292

33 Earnings per share

	Consolidated	
	2008 Cents	2007 Cents
(a) Basic and Diluted earnings per share		
Basic and Diluted earnings per share	0.46	0.57
(b) Reconciliation of earnings per share		
	2008 \$000's	2007 \$000's
Profit for the year	14,096	14,476
(c) Weighted average number of shares used as a denominator		
	2008 000's	2007 000's
Weighted average number of B Class shares	30,360	25,424

Notes to the Financial Statements

34 Key Management Personnel Disclosures

(a) Directors

The Directors named in the Directors' Report each held office as a Director of Ricegrowers Limited during the year ended 30 April 2008.

(b) Other Key Management Personnel

The following persons were the executives having greatest authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year.

Name	Position	Employer
C. Cassar	Chief Financial Officer	Ricegrowers Limited
G. Harvey	General Manager, Operations (resigned 28/09/07)	Ricegrowers Limited
M. Bazley	General Manager, International Commodity and Trading	Ricegrowers Limited
B. Hingle	General Manager, Finance	Ricegrowers Limited
D. Keldie	General Manager, Consumer Markets	Ricegrowers Limited
J. Lloyd	Chief Executive Officer	Riviana Foods Pty Ltd

All the above persons were also executives during the year ended 30 April 2007.

(c) Key Management Personnel and Directors Compensation

	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short term employee benefits	3,072,551	3,013,863	4,086,847	3,935,362
Post-employment benefits	170,065	113,447	206,225	152,303
Other long-term benefits	333,333	254,370	333,333	254,370
Share-based payments	-	-	-	-
	3,575,949	3,381,680	4,626,405	4,342,035

(i) Remuneration for Key Management Personnel of Ricegrowers Limited Group

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits	Cash Bonus	Equity Options/ Others	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>C. Cassar</i>								
2008	356,145	75,000	-	13,055	-	-	-	444,200
2007	354,998	48,457	-	12,595	-	-	-	416,050
<i>G. Harvey (resigned 28/09/07)</i>								
2008	149,763	-	15,647	5,396	-	-	-	170,806
2007	266,639	41,381	35,689	12,595	-	-	-	356,304
<i>B. Hingle</i>								
2008	231,664	80,000	23,250	22,586	-	-	-	357,500
2007	209,444	33,750	20,499	20,057	-	-	-	283,750
<i>M. Bazley</i>								
2008	250,445	90,000	-	22,255	-	-	-	362,700
2007	262,212	59,332	-	27,611	-	-	-	349,155
<i>D. Keldie</i>								
2008	256,918	75,000	24,447	23,957	-	-	-	380,322
2007	262,270	40,781	23,380	25,318	-	-	-	351,749
<i>J. Lloyd</i>								
2008	365,621	100,000	64,950	36,160	-	-	-	566,731
2007	349,728	43,152	46,298	38,856	-	-	-	478,034

Notes to the Financial Statements

34 Key Management Personnel Disclosures (continued)

(ii) Service agreements

The CEO, Gary Helou, has a service agreement in force until 1 May 2010. This prescribes his remuneration including short and long term incentives. Any payments that would be made under the incentive program would be based on the achievement of specified criteria.

(iii) Remuneration for Directors of Ricegrowers Limited

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits #	Cash Bonus	Equity Options/ Others	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>GF Lawson</i>								
2008	81,584	-	-	7,343	3,301	-	-	92,228
2007	87,128	-	-	7,842	(24,398)	-	-	70,572
<i>DM Robertson</i>								
2008	50,514	-	-	4,546	(11,908)	-	-	43,152
2007	54,042	-	-	4,864	(19,241)	-	-	39,665
<i>LJ Arthur (appointed 24/8/07)</i>								
2008	19,151	-	-	1,778	-	-	-	20,929
2007	-	-	-	-	-	-	-	-
<i>BL Barber (resigned 24/8/07)</i>								
2008	13,887	-	-	1,250	-	-	-	15,137
2007	35,866	-	-	3,228	(11,023)	-	-	28,071
<i>NG Graham</i>								
2008	32,842	-	-	2,956	5,784	-	-	41,582
2007	33,598	-	-	3,024	3,578	-	-	40,200
<i>G Helou</i>								
2008	762,364	300,000	-	37,636	-	333,333	-	1,433,333
2007	775,041	186,254	-	12,459	-	254,370	-	1,228,124
<i>RA Higgins</i>								
2008	41,946	-	-	3,775	-	-	-	45,721
2007	41,874	-	-	3,769	-	-	-	45,643
<i>GL Kirkup</i>								
2008	31,330	-	-	2,820	-	-	-	34,150
2007	31,330	-	-	2,820	-	-	-	34,150
<i>GF Latta</i>								
2008	43,962	-	-	-	6,588	-	-	50,550
2007	42,702	-	-	-	29,479	-	-	72,181
<i>N McAllister</i>								
2008	33,094	-	-	2,979	(4,055)	-	-	32,018
2007	32,590	-	-	2,933	(14,264)	-	-	21,259
<i>AD Walsh</i>								
2008	33,598	-	-	3,024	14,999	-	-	51,621
2007	34,606	-	-	3,115	7,086	-	-	44,807

Retirement benefits are based on 3 year average earnings. Directors enter into a deed whereby they agree that any superannuation entitlements will be netted off against the company's obligation. As a result, the company's retirement benefit obligation for a year may fluctuate based on the performance of each of the directors' superannuation investment mix. The performance of some superannuation funds' investment mix for the 2007 year has resulted in a higher increase in the value of the fund, which resulted in a lower obligation by the company.

As required to be disclosed under the *Corporations Act 2001*, as one of the 5 highest paid executives of the Group, P Franklin, a director within the Group, was remunerated \$483,725 (2007: \$482,321) during the period. Amounts received were made up of cash salary and fees \$301,441 (2007: \$290,092), cash bonus \$111,057 (2007: \$91,863) and non monetary benefits \$71,227 (2007: \$100,366).

Notes to the Financial Statements

34 Key management personnel disclosures (continued)

(d) Share holdings with Directors and Director related entities

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

<i>Issuing entity</i>	2008	2007
Ricegrowers Limited	44,877	243,501

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

The aggregate number of shares held by Directors of Ricegrowers Limited and its related entities at balance date were:

<i>Issuing entity</i>	2008	2007
Ricegrowers Limited	652,970	608,093

Directors and their related entities received normal dividends on these ordinary shares.

Transaction type and class of the other party	Ricegrowers Limited	
	2008 \$000's	2007 \$000's
Purchases of rice from Directors	721	3,190
Purchases of grain from Directors	241	227
Sale of inputs to Directors	83	175
Sale of stockfeed to Directors	58	56

35 Segment information

(a) Description of segments

Business Segments

The business is organised on a global basis into the following divisions by product and service type.

Rice Milling & Marketing

The main entity Ricegrowers Limited (less Coprice division, Rice Flour, Rice Cakes and Specialty) Australian Grain Storage, Aqaba Processing Company - packaging plant, Solrice, SunArise - insurance company and SunRice Trading.

Complementary Businesses

This includes Riviana, Trukai and the divisions of Coprice, Rice Flour, Rice Cakes and Specialty businesses. The principal activities of the subsidiaries are outlined in note 30.

Other

Businesses included are RRAPL - research into rice growing and development of new varieties for RL, Silica - investment company, Herto nv (associate company), Seatide and Sunshine Rice.

Geographical Segments

Although the company's divisions are primarily managed in Australia, they operate in the following geographical areas:

Australia

The home country of the company which is also the main operating entity. The areas of operation are principally the receipt and storage of paddy rice, milling of rice, manufacture of rice based products, marketing of rice, research and development into the growing of rice, and the processing of rice and related products.

Pacific

Comprises operations carried on in Papua New Guinea, the Solomon Islands and other Pacific Islands.

Other

Comprises operations carried on in Jordan (the operation packages, stores, processes and distributes rice), Herto nv (associate company) and Sunshine Rice.

Notes to the Financial Statements

35 Segment information (continued)

(b) Primary reporting - business segments

2008	Rice Milling & Marketing \$000's	Complementary Businesses \$000's	Other \$000's	Intersegment Eliminations /Unallocated \$000's	Total \$000's
Segment revenue					
Sales to external customers	262,196	445,354	103	-	707,653
Intersegment sales	152,635	393	322	(153,350)	-
Other revenue	18,024	9,678	669	(25,542)	2,829
Total segment revenue	432,855	455,425	1,094	(178,892)	710,482
Segment result					
Segment result before paddy price supplement	(15,058)	40,676	396	(5,558)	20,456
Paddy price supplement	15,058	(15,058)	-	-	-
Profit before income tax expense	-	25,618	396	(5,558)	20,456
Income tax expense					(5,479)
Profit for the year					14,977
Segment assets					
Unallocated assets	458,902	205,577	5,373	(82,755)	587,097
Total assets					596,872
Segment liabilities					
Unallocated liabilities	396,372	124,404	2,161	(62,241)	460,696
Total liabilities					464,092
Other segment information					
Acquisitions of property, plant and equipment and intangibles	2,785	9,590	136	-	12,511
Depreciation & amortisation expense	16,119	6,490	172	-	22,781
Investments in associates	-	803	4,909	-	5,712
Share of net profits of associates	-	53	325	-	378

Notes to the Financial Statements

35 Segment information (continued)

2007	Rice Milling & Marketing \$000's	Complementary Businesses \$000's	Other \$000's	Intersegment Eliminations /Unallocated \$000's	Total \$000's
Segment revenue					
Sales to external customers	312,258	420,815	807	-	733,880
Intersegment sales	177,781	673	204	(178,658)	-
Other revenue	14,046	6,270	638	(16,764)	4,190
Total segment revenue	504,085	427,758	1,649	(195,422)	738,070
Segment result					
Segment result before paddy price supplement	(10,335)	34,972	358	(2,419)	22,576
Paddy price supplement	11,867	(11,867)	-	-	-
Profit before income tax expense	1,532	23,105	358	(2,419)	22,576
Income tax expense					(7,752)
Profit for the year					14,824
Segment assets					
Unallocated assets	521,092	186,597	4,996	(71,636)	641,049
Total assets					653,797
Segment liabilities					
Unallocated liabilities	494,735	99,563	2,153	(56,263)	540,188
Total liabilities					542,722
Other segment information					
Acquisitions of property plant and equipment and intangibles	131,811	11,112	341	-	143,264
Depreciation & amortisation expense	14,077	6,105	176	-	20,358
Investments in associates	-	750	4,584	-	5,334
Share of net profits of associates	-	475	297	-	772

(c) Secondary reporting - geographical segments

	Total Sales Revenue		Segment assets		Acquisitions property, plant & equipment, intangibles	
	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's	2008 \$000's	2007 \$000's
Australia	521,679	559,486	511,167	571,706	6,722	138,630
Pacific	188,803	177,866	66,790	59,407	5,652	4,162
Other countries	-	718	9,140	9,936	137	472
	710,482	738,070	587,097	641,049	12,511	143,264
Unallocated	-	-	9,775	12,748	-	-
Total	710,482	738,070	596,872	653,797	12,511	143,264

Notes to the Financial Statements

35 Segment information (continued)

(d) Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits.

(ii) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

36 Remuneration of auditors

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

(a) Assurance services	Ricegrowers Limited		Consolidated	
	2008	2007	2008	2007
Audit services	\$	\$	\$	\$
Fees paid to PricewaterhouseCoopers Australian firm	280,000	344,145	334,330	424,375
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	99,586	99,196
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	11,534	-
Total remuneration for audit services	280,000	344,145	445,450	523,571
(b) Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm	-	181,617	-	181,617
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	4,900	-
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	15,126	-
Total remuneration for other assurance services	-	181,617	20,026	181,617
Total remuneration for assurance services	280,000	525,762	465,476	705,188
(c) Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm	362,721	366,256	362,721	396,517
Fees paid to related practices of PricewaterhouseCoopers Australian firm	-	-	15,327	-
Fees paid to non-PricewaterhouseCoopers audit firm	-	-	744	-
Total remuneration for taxation services	362,721	366,256	378,792	396,517

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

Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report and the AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the balance sheet as at 30 April 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Ricegrowers Limited and the Ricegrowers Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report under the heading "remuneration report" in pages 32 to 33 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

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

Independent auditor's report to the members of Ricegrowers Limited (continued)

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

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

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration disclosures of Ricegrowers Limited (the company) for the year ended 30 April 2008 included on Ricegrowers Limited web site. The company's directors are responsible for the integrity of the Ricegrowers Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements and remuneration disclosures named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or the remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Independence

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

Independent auditor's report to the members of Ricegrowers Limited (continued)

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Ricegrowers Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 3 to 4 of the directors' report comply with Accounting Standard AASB 124.



PricewaterhouseCoopers



Paddy Carney
Partner

Sydney
12 June 2008

This page has been intentionally left blank.

SUNRICE

REGISTERED OFFICE

NIP 37 Yanco Avenue,
Leeton NSW 2705, Australia
PO Box 561, Leeton NSW 2705
Tel 02 6953 0411 Fax 02 6953 4733

RICE MILLS

Coleambally, Deniliquin, Leeton, Lae and Aqaba

MARKETING OFFICES

Sydney

Level 2, 66 Clarence Street,
Sydney NSW 2000, Australia
PO Box Q166, QVB Post Shop NSW 1230
Tel 02 9268 2000 Fax 02 8916 8360

Jordan

Aloz Street
Al-Mokablein
Amman, Jordan
Tel +962 6 420 6825 Fax +962 6 420 6832

Singapore

51 Newtown Road, # 08-04,
Goldhill Plaza, Singapore 308900
Tel +65 6352 1768 Fax +65 6352 1292

Japan

Australian Ricegrowers
Level 2, Cross Point Building
3-29-1 Ebisu, Shibuya-ku, Tokyo
150-0013 JAPAN
Tel +813 3448 1930 Fax +813 3448 1930

COPRICE FEEDS

Railway Avenue, Leeton NSW 2705, Australia
PO Box 561, Leeton NSW 2705
Tel 02 6953 0422 Fax 02 6953 2776

COPRICE FEED MILLS

Leeton, Tongala, Cobden

SUBSIDIARIES

Riviana Foods Pty Ltd

8 Lakeview Drive, Scoresby VIC 3179, Australia
PO Box 1600, Ferntree Gully VIC 3156
Tel 03 9212 6000 Fax 03 9212 6099

Trukai Industries Limited

Mataram St Lae MP 411
Papua New Guinea
PO Box 2129, Lae MP 411
Tel +675 472 2466 Fax +675 472 6073

Solomons Rice Company Limited

Trading as Solrice
PO Box 5, Honiara
Solomon Islands
Tel +677 30826 Fax +677 30825

Aqaba Processing Company

Aloz Street
Al-Mokablein
Amman, Jordan
PO Box 940 925
Amman, 11194 Jordan
Tel +962 6 420 6829 Fax +962 6 420 6832



The Rice Food Experts