A solid year of innovation

Annual Report 2010

SunRice®

Contents

About this Report

SunRice's Annual Report covers Ricegrowers Limited ABN 55007481156 and subsidiaries. The Report can be viewed or downloaded from SunRice's website, www.sunrice.com.au. In this report, 'the year', 'this year','2009/10', 'crop year 2009', 'CY09' all refer to the Financial Year ended 30 April 2010. The '2010 harvest' refers to the rice crop grown in 2009/10 and processed in the Financial Year ended 30 April 2011.


SunRice
Indian Butter Chicken
SunRice
Indian Korma Curry
with Chicken and Rice
in 2 minutes
SunRice
Thai Chicken Satay
Sauce with Jasmine Rice
in 2 minutes
SunRice
Indian Tikka Masala
Curry with Chicken and Rice
in 2 minutes

About SunRice

With operations in Australia, the USA, the Middle East, the Solomon Islands and Papua New Guinea, we lead the way in developing diverse and nutritious rice food products.

Dynamic and innovative in the face of adversity, SunRice is an Australian-owned food company with global clout.

With operations in Australia, the USA, the Middle East, the Solomon Islands and Papua New Guinea, we lead the way in developing diverse and nutritious rice food products.

Today, SunRice brands can be found in close to 60 countries across the globe, and we contribute to thousands of other food products the world over through our successful food service and food ingredients divisions.

Our strong portfolio of subsidiary and complementary companies includes SunFoods, Trukai Industries, Aqaba Processing Company, Riviana Foods, Solrice, Australian Grain Storage (AGS), and animal feeds division CopRice.

SunRice's proud history dates back to the establishment of Ricegrowers' Co-operative Mills Limited in 1950. Despite the ongoing drought conditions, the company remains anchored in regional New South Wales, where we operate state-of-the-art processing facilities that mill and pack rice, rice flour, rice cakes and ready-to-eat rice meals.

Our people continue to work towards SunRice's goal to become the World's Favourite Rice Food Company.

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

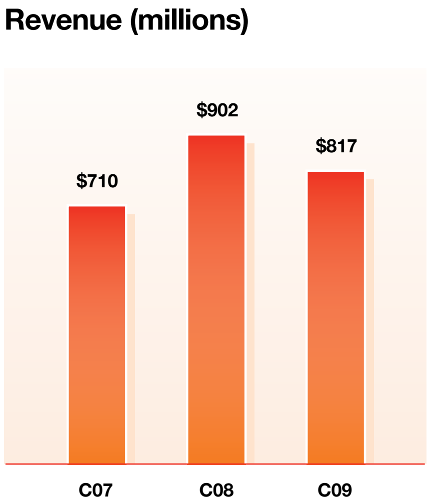
Our Corporate Values

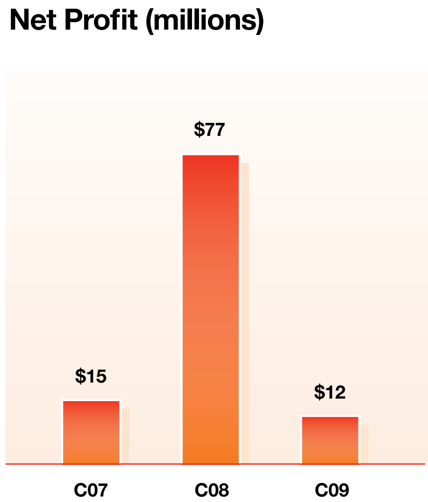
– Integrity in all we do
– Passion for the business
– Learning and its rapid conversion to action
– Single-minded commitment to achieve our stated goals

Our market leadership and innovation was recognised by two "Product of the Year" awards in 2009/10 – an outstanding result — Gary Helou.

Winner Savoury Snacks category. Survey of 5000 people by TNS.
Winner Convenience Meals category. Survey of 5000 people by TNS.

Business Highlights





Net profit of $11.7 million, a solid performance following last year's one-off record profit

Revenue of $817 million, down by 9% on last year

A fully franked dividend of 22.5 cents per B Class Share

Record paddy price of $550 per tonne paid to growers

SunRice wins two 2010 Product of the Year awards

New HINODE brand microwave rice and rice cakes launch in the US

Strong performance by Ready-to-Go Meals business

Chairman's Message Gerry Lawson

With the 2010 harvest reaching 205,386 tonnes, the year ended with the outstanding news that our growers not only delivered their largest crop in four years, but they did so by achieving record-breaking yields.

After the extraordinary global rice price cycle of the previous year and the inevitable price softening that followed, SunRice returned to more normal levels of performance in 2009/10.

Consolidated revenue for the year was $817 million, just 9% lower than 2008/09. Profit after tax was $11.7 million, markedly lower than the record net profit achieved during last year's rice price peak, but in line with the results achieved in previous years. Despite another drought impacted crop, a fixed medium grain paddy price of $550 per tonne in 2009/10 was paid to our grower suppliers. We also declared a fully franked dividend of 22.5 cents per B Class Share, in line with last year's dividend.

A return to rice and record breaking yields

Despite the challenging international rice marketing conditions that saw rice prices tumble dramatically, we were delighted to again offer Australian growers a fixed medium grain paddy price of $550 per tonne. This was delivered via a premium pool designed to maximise local production and ensure a quantity of rice to maintain our Australian manufacturing operations. Once this pool was filled, a second pool was established for the additional crop.

With the 2010 harvest reaching 205,386 tonnes, the year ended with the outstanding news that our growers not only delivered their largest crop in four years, but they did so by achieving record-breaking yields that finished at 11.5 tonnes per hectare for our three main medium grain varieties, Amaroo, Reiziq and YRM 69.

While still a long way from the tonnages our Australian operations can handle, the crop showed the resilience of our growers and their strong desire to plant rice when favourable conditions prevail. Rice remains a preferred and very profitable grain crop, due in part to the fact it is processed almost wholly for human consumption.

Optimism tempered by water policy reform

The optimism created by the record yields and improved water resource outlook for 2010/11 is tempered by the Government's focus on water policy reform, which will undoubtedly reduce future water availability. The establishment of the Murray Darling Basin Authority and the development of the Basin Plan, incorporating Sustainable Diversion Limits (SDLs), is creating a large degree of uncertainty for our growers.

Calls for substantial allocation cuts from those groups that seek to pre-empt the Basin Plan consultative process demonstrate a staggering disregard for the economic fabric that underpins our growing regions. Such cuts will not only threaten the future of Australia's food supply, but deliver chronic economic and social outcomes for regional NSW.

We are working closely with the Ricegrowers' Association of Australia (RGA) to ensure key policymakers and other stakeholders understand the need for a balanced approach to SDLs so the essential food production and manufacturing that supports regional economies remains viable. We have hosted many Parliamentarians and senior Government officials on Paddock to Plate rice industry briefings and inspections over the last 12 months and this activity will continue in the year ahead.

Research and development withdrawal

Trials of a new cold-tolerant rice variety – YRM 69 – have been the subject of much discussion this past year, with the variety exhibiting improved cold temperature tolerance, yield stability and excellent water use efficiency.

Importantly, the variety is a collaboration between Industry & Investment NSW, SunRice and our subsidiary Rice Research Australia Pty Ltd (RRAPL), and the grower research levies and Federal Government contribution facilitated by the Rural Industries Research and Development Corporation (RIRDC). Once released, YRM 69 will allow growers to better predict production levels even in years of low water allocation – a significant outcome given the pressures facing our industry.

YRM 69 is an excellent example of the importance and relevance of a dedicated research and development program. Sadly, innovation continues to suffer from a withdrawal of funding and support in this country. This is not an issue particular to agriculture; however we have much at stake.

Dedicated research and development has shaped our industry over several decades and delivered global benchmarks in water use efficiency, yields, sustainable practices and a pure seed program envied the world over. For this to continue, we need a firm commitment to innovation in Australia and partnership between Governments and industry.

Sincere appreciation

A sincere thank you to my fellow Board members and in particular my Deputy Chairman, Mark Robertson. Their expertise and dedication in times of both prosperity and adversity is invaluable.

Thanks go to our Chief Executive Officer, Gary Helou and our Corporate Management Team, who once again led from the front and delivered a strong result in difficult circumstances. Thank you to our employees too, who continue to demonstrate innovation, experience and great commitment.

Special thanks to Noel Graham, who retired as Chairman of the Rice Marketing Board in 2009/10 following a change in legislation that required an independent to fill the role. Noel made an outstanding contribution as Chairman over the seven years of his tenure and continues to do so as a Deputy Chairman. Congratulations to Nick Papallo on his appointment as the incoming Chairman of the Rice Marketing Board.

Thanks also go to Les Gordon, President, and Ruth Wade, Executive Director of the Ricegrowers' Association of Australia Inc., for their significant contribution to the industry.

My sincere thanks to NSW Minister for Primary Industries, the Hon. Steve Whan MP; Federal Minister for Agriculture, Fisheries and Forestry, the Hon. Tony Burke MP; NSW Member for Murrumbidgee, Mr. Adrian Piccoli MP; NSW Member for Murray-Darling, Mr. John Williams MP; the Hon. Tony Catanzariti MLC; former NSW Minister for State and Regional Development, Mr. Ian Macdonald; and Federal Member for Farrar, the Hon. Sussan Ley MP.

Finally, special thanks to the Federal Member for Riverina, Kay Hull MP, whose retirement will be felt keenly by both our industry and our region. Kay has always been a stoic supporter of the rice industry, irrespective of the personal or political cost. We could never adequately thank Kay for her extraordinary performance.

On a final note

With the record yields of the past year and the significant volume of water allocation carried over to 2010/11, there is a renewed sense of optimism that we will turn the corner on the drought in the coming year.

While we will almost certainly see a larger crop, disappointingly the record paddy returns on offer in 2009/10 are unlikely to be repeated in the coming year. The world supply of medium grain rice, the availability and relative pricing of alternative long grain sources, and the Australian dollar exchange rate continue to impact us.

Never-the-less, the Board, Corporate Management Team and employees of SunRice will continue to pull together to refine operations, capitalise on opportunities and maximise profits. Our subsidiary businesses also have a part to play, with Riviana continuing to perform strongly, and ambitious plans in place for SunFoods' expansion into the US.

We have maintained our core infrastructure and core employees over the past three years poised for a return to Australian production when the conditions allow it. Let us all hope that 2010/11 brings such an opportunity.

Gerry Lawson
Chairman

CEO's Message Gary Helou

SunRice remains one of the most exciting food businesses in Australia. Our future is both bright and assured given the strength of our people, brands and relation-ships the world over.

SunRice was able to ride out the challenges of volatile markets and ongoing drought to deliver a solid performance for the year ended 30 April 2010. Our consolidated revenue was $817 million, 9% lower than last year. Profit after tax was $11.7 million compared to $76.8 million for the previous period. This year, our business returned to a more normal level of performance following the extraordinary global rice price cycle that delivered last year's one-off record profit. SunRice paid its growers a record price of $550 per paddy tonne, compared to last year's $450 per paddy tonne, and announced a fully franked dividend of 22.5 cents per B Class Share.

Our results reflect the output of strategies that are framed along four drivers: expanding our rice food business, investment in global brands, effective global sourcing and ongoing cost reductions. Our people continue to respond with energy and enterprise to the constant volatility and unpredictability of the international rice markets. We have an expansionist view of the global rice food market fuelled by great brand franchises and international relationships. These are the key ingredients that will help make SunRice the World's Favourite Rice Food Company.

Marketing

Our marketing initiatives revolve around constant product innovation, rice food category development and marketing excellence. In the domestic market, SunRice maintained a position of overall leadership despite an unprecedented level of competition and market congestion. A product mix shift to higher marketing value products delivered strong volume and margin growth, particularly in the Ready-to-Go Meals category.

SunRice was recognised for market leadership with two "Product of the Year" awards – our curry range won the Convenience Meals category and our Vintage Cheddar and Black Pepper Rice Cakes won the Savoury Snacks category. Our Table Rice range continues to stand out through best of breed range coverage combined with vibrant packaging and on-shelf merchandising. Advertising support and the partnership with UNICEF complemented our market standing as the leader in this exciting rice food business.

In international markets, facing increasing competition, we were able to defend and maintain branded market leadership in our key markets. A series of new product launches, innovative consumer promotions and targeted advertising campaigns were key tactics employed to support the various brand positions and build loyalty amongst customers and consumers across all our markets.

Global procurement continues to be a key strategic initiative deployed to mitigate the effects of the Australian drought through the sourcing and marketing of rice from a number of international sources. This provided a strong platform to defend our brands while ensuring a sustainable, quality and profitable supply pipeline to our many international markets.

Our subsidiaries

Our subsidiary company Trukai Industries Limited maintained its strong rice market position in Papua New Guinea. Trukai's innovative line of insert consumer promotions helped deliver strong volume growth despite increasing levels of competition. Trukai remains engaged with the wider population through a number of community-based activities, including sports, social and agricultural development programs.

Riviana Foods Pty Limited posted another growth year by focusing its marketing and product innovation effort on the Always Fresh flagship brand, which is a clear leader in the growing Olive and Pickled Vegetable markets. This growth is fuelled by expansion in the Food Service sector and the continued introduction of innovative lines of Mediterranean foods.

CopRice, our stockfeed and companion animal feed business, continues to focus on specialty animal foods and higher value-add extruded products to help offset the downturn in the drought impacted dairy feed sector.

SunFoods, our joint venture in the US, has undergone a significant upgrade and development program as it assimilates into the SunRice group. The upgraded mill and packing plant infrastructure is fulfilling its strategic group role of global supply to SunRice world markets. The HINODE brand also underwent significant product expansion and packaging upgrade as it rolls out sales distribution across the US. An advertising campaign was launched in the US to herald HINODE's entry into the Table Rice and Ready-to-Go Meals categories.

Operating excellence

Our Operations group faced the exciting challenge of aligning and refining the outputs of our global operations and supply points. Our international manufacturing network and scale of supply lines provided many opportunities to further reduce costs and elevate quality and service levels to customer and consumers.

SunRice continues to adopt and implement best practice safety and quality management across its operations with very pleasing achievements and improvements with several sites continuing their lost-time injury free status.

Cross-functional teamwork was a key facilitator in the rapid development and deployment of a range of innovative rice food products, including the award-winning Ready-to-Go curry meals and flavoured rice cakes.

Our people

Our employees deliver the good business results we have come to expect from SunRice. They exhibit the creativity, flexibility and the resilience needed to overcome today's volatile and competitive markets.

Employees were recognised again this year for individual and team achievements through the SunRice Employee Awards. Very warm congratulations go to the overall winner, John Stevens, National Business Manager – Food Service, whose positive energy, strong work ethic and commitment to SunRice helped his business unit overcome an extraordinary level of competition and maintain exceptionally strong key customer relationships.

The future

SunRice remains one of the most exciting food businesses in Australia. Our future is both bright and assured given the strength of our people, brands and relationships the world over.

I sincerely thank my Chairman Gerry Lawson and the Board of Directors for their continued leadership and support. I also thank my Corporate Management Team and all employees for their commitment and hard work. SunRice can look to the future with a great deal of confidence and optimism as we pursue the vision of becoming the World's Favourite Rice Food Company.

Gary Helou
CEO

SunRice Around the World

Australia and New Zealand

In 2009/10, our value-added products experienced huge growth in volume and value in the Australian retail business.

We were recognised for our market leadership with two major award wins. In Ready-to-Go Meals, our range of curries won the coveted 2010 Product of the Year in the Convenience Meals category, while our new Vintage Cheddar and Black Pepper Rice Cakes won 2010 Product of the Year in the Savoury Snacks category.

Table Rice

Table Rice share and volume performed solidly, despite strong competition and heavy discounting in the marketplace. In the Australian market, we maintained our market leadership through effective advertising, in-store and other promotional activities.

The new "Put the Sun Inside" advertising campaign, featuring SunRice brand ambassador, triple Olympic gold medallist Stephanie Rice, increased our spontaneous brand awareness to 60% – a 20% increase on last survey.

The category was also well supported by our partnership with the United Nations Children's Fund (UNICEF). The UNICEF logo appeared on all SunRice branded small-pack products in Australia as part of our commitment to providing critical support to help fund to UNICEF's Pacific Vaccination Program. Together with our dedication to delivering vibrant packaging, SunRice Table Rice was again a standout on supermarket shelves throughout Australia.

Microwave Rice

The Plain Family Pack range has underpinned much of the growth in Microwave Rice, as consumers embrace alternative pack formats that are unique to our brand. SunRice has led the way in new packaging formats in our efforts to drive growth and attract new buyers to this category.

Our innovation program continued in 2009/10 with the launch of several new ranges, including four new 250g Flavours, two 450g Flavoured Family Packs, and our Heat and Serve Rice in Tray range. The Rice in Tray range was supported by a second TV campaign featuring our brand ambassador Stephanie Rice, which went to air just as the year ended.

Ready-to-Go Meals

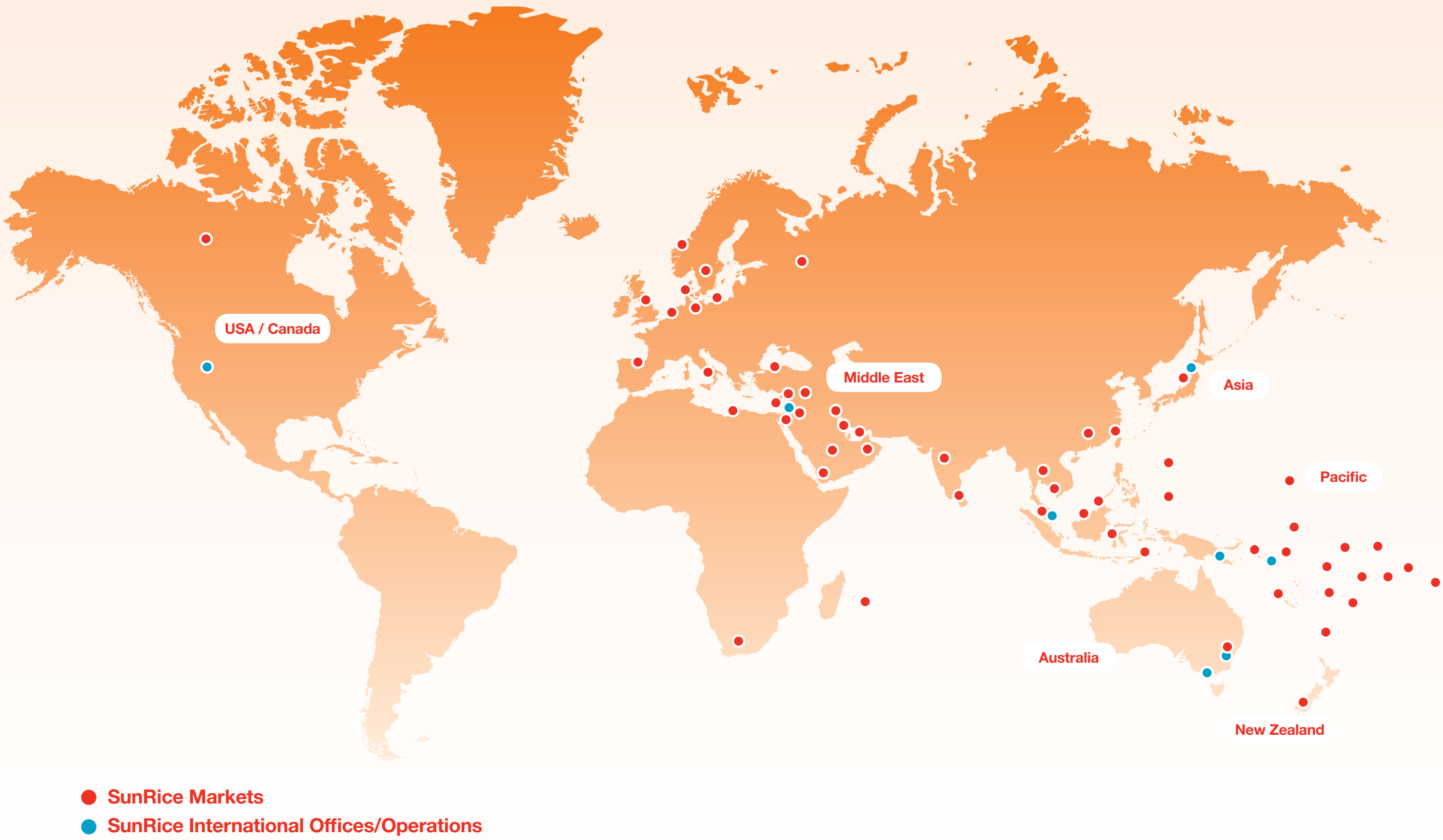
The success of the Ready-to-Go Meals category showed no signs of slowing in 2009/10. SunRice became the number one brand following the outstanding performance of our Rice and Curry Meal range. These products also won the prestigious Product of the Year in the Convenient Meals category, as voted by 5000 consumers. A communications campaign, that included on-pack stickers, print, outdoor media, and a TV advertisement, was launched to leverage the award.

The Product of the Year award provided the perfect lead-in to the launch of our four exciting new varieties – Indian Butter Chicken, Thai Chicken Satay, Indian Korma Curry and Indian Tikka Masala.

As with Microwave Rice, SunRice has led the way in innovation with an unparalleled offering that is not only driving growth, but has reinvigorated the entire Ready-to-Go Meals category.

Rice Cakes

The SunRice Rice Cakes business performed solidly in value and volume. Several factors contributed to SunRice's strong performance, including the introduction of Vintage Cheddar and Black Pepper, and Flame Grilled Barbecue and Roast Chicken flavours – all proving to be



an immediate success. The Vintage Cheddar and Black Pepper was another award winner, taking out the prestigious 2010 Product of the Year title in the Savoury Snacks category.

Effective promotional activities and favourable shelf layouts, combined with improvements in factory capacity, have further boosted sales.

We consolidated our position in the Rice Cakes category to reclaim our market leadership. The foundations are set to ensure this positive trend continues as the brand and range extend into sweet varieties in 2010/11.

Marketing

Our major marketing initiative for the year was an integrated advertising campaign featuring our brand ambassador, Stephanie Rice. The TV, outdoor and gym advertising increased the consumption of rice, driving peak market share performances during the campaign.

We also achieved significant visibility through our partnership with UNICEF. In 2009/10, the Children Helping Children initiative was launched in partnership with the charity. A competition involving primary school students across Australia and New Zealand was a key component. Students collected UNICEF logos from selected SunRice packs to contribute to vaccine doses while winning prizes for their schools, including a first prize in Australia of $20,000 in cash and a swim clinic with Stephanie Rice. A dedicated website was created to support the initiative – www.sunricedifference.com.au.

Throughout 2009/10, Stephanie shared her SunRice brand ambassador role with both the public and the media, gaining significant exposure on TV and radio, and in print. These activities included her visit to the Solomon Islands to observe our involvement in UNICEF's work, which resulted in Stephanie presenting two segments on the Seven Network's Sunrise program.

Middle East

The Sunwhite brand maintained a strong share in all Middle East markets. To strengthen our market position, the Amman office launched the "Memories" television campaign in September, in conjunction with major consumer promotions over the Ramadan period. Value-added initiatives, such as Rice Cakes and Microwave Rice, continued to be rolled out across the region. Our processing plant in the Gulf of Aqaba, Jordan had a busy year packing for our Jordan and Syrian markets.

Pacific

Despite encountering competition from Vietnam, China and Thailand, SunRice-owned brands Sunwhite and Island Sun remain the only major brands distributed across 14 countries in the Pacific region. SunRice's brands in the Pacific continue to perform strongly. Our solid global sourcing platform has assisted our presence in this region.

Asia

The Kangaroo brand continues to trade in all supermarket classes in Singapore. Our Double Ram and Golden Crown brands continue to be well represented in the highly competitive Hong Kong marketplace.

Our Operations

Excellence in cross-functional teamwork within SunRice spearheaded the development, manufacture, marketing and delivery of a range of innovative new products in 2009/10, underpinned by quality and consistency.

SunRice delivered sound business outcomes by aligning and refining global operations in 2009/10. Our international manufacturing networks provided the opportunity to share best business practice at every level, with our combined scale delivering reduced costs and improved production performance across all sites.

Our facilities

In Australia, the ongoing drought continued to restrict milling and packing to Leeton.

Ongoing process improvement initiatives in cost, quality, safety and delivery ensured our Leeton site remained competitive in the processing and manufacture of high-quality rice food products.

Benchmarking across SunRice's global manufacturing networks continued to fast-track our best practice sharing programs. The key successes have emerged through nurturing our continuous improvement culture, engaging our employees and continually raising the bar on key performance indicators.

Supply chain management

Leveraging our global purchasing power in 2009/10 resulted in the sourcing of high-quality, low-cost raw materials, and delivering optimised packaging and logistics solutions for our international operations.

Our strong focus on delivering quality products at best in class customer service levels was achieved through innovative and flexible end-to-end supply chain solutions in a dynamic business environment.

Innovation delivery

Cross-functional teamwork within SunRice spearheaded the rapid development, manufacture, marketing and delivery of a range of innovative new products in 2009/10, including the award-winning Microwave Rice and Meals ranges. The Operations group contributed on several levels, with quality and consistency underpinning these new products' success.

Excellence in teamwork across the Operations and Commercial teams was also demonstrated through the continued innovation in Flavoured Rice Cakes. Three new varieties were launched out of Leeton in 2009/10, including the award-winning Vintage Cheddar and Black Pepper flavour.

Quality

Our commitment to delivery of quality product to our customers and consumers remained as one of our highest priorities.

In 2009/10, the International Quality team successfully implemented the harmonisation of the SunRice Food Safety and Quality Management System in SunFoods, Trukai, and APC, with the goal of aligning quality systems across all our global sites.

Our independent external quality auditing body, the American Institute of Baking, reported pleasing audit results for our sites. SunFoods in Woodland, California achieved an "Excellent" rating and the Speciality Rice Food Plant in Leeton set a new benchmark within SunRice by achieving a "Superior" rating.

In conjunction with the internal quality system, our supplier quality assurance programs continued to ensure SunRice's strictest standards were maintained, regardless of sourcing origins.

Gogeldrie Depot, April 2010: A stronger harvest delivered golden paddy grains to our rice receival depots.

Leeton's Sonya Mooney collates rice cakes.

90 Second Microwave Rice pouches.

Table Rice on our high-speed packing line.

Our Growers

The resilience of our growers is remarkable – despite seven consecutive years of drought, rice production is slowly rebounding.

The resilience of our growers is remarkable – despite seven consecutive years of drought, rice production is slowly rebounding. Production has increased from the record low 19,297 tonnes in 2008 to 65,922 tonnes in 2009 and to a promising 205,386 tonnes in 2010.

There is cautious optimism that the outlook for rice production in 2010/11 is even better, with a considerable volume of water to be carried over from 2009/10. Growers, many who have not had sufficient water to grow a crop for some years, are looking forward to getting back into rice production – reflecting the fact that rice produces the best economic return for growers and their communities in most years.

2009/10 Premium Pool

A dry autumn and early winter led to minimal inflows to storage dams and a 0% water allocation in both the Murray and Murrumbidgee Valleys at 1 July 2009. In addition, there was no guarantee that all carryover water from 2008/09 could be delivered. Given groundwater allocation in the Murray and Murrumbidgee aquifers was 100%, we focused on attracting as much groundwater, as well as high security and carryover surface water, to rice production as possible.

In line with this, we opened a Premium Pool offering a fixed medium grain price of $550 per tonne for a limited tonnage in mid-July, along with an opportunity for groundwater growers to purchase additional groundwater allocation via SunRice. The available groundwater was all taken up and the Premium Pool closed in late September.

Number Two Pool opens

Following the strong interest in the Premium Pool, a second pool was announced. Allocation enhancements combined with some reasonable spring rainfall in the upper catchment resulted in improved general security water availability. By late November, around 18,500 hectares of rice had been sown in the Riverina – our largest planting since 2005/06.

Favourable seasonal conditions

While very warm spring conditions and low rainfall in the Riverina decimated winter crop yield potential, the conditions were excellent for rice establishment, vegetative development and weed control. By late December, most crops were very dense with tiller counts indicating above average yield potential.

We were pleased to see that the majority of crops were not affected by the one short period of cold night temperatures and moved into the grain filling period in great shape. Favourable temperatures continued and record yields were on the cards. The only issue in a near perfect season was a series of severe thunderstorms and associated hail in early March that swept across parts of the Riverina causing damage to around 20 crops, ranging from total loss to minor grain shedding.

Record yields

When harvest started in mid-March 2010, the impact of the favourable growing season became apparent with most growers achieving well above average yields. By harvest's end, 205,386 tonnes were received from Riverina growers at an average yield of 11.0 tonnes per hectare (all varieties, all regions), far exceeding the previous best yield of 10.2 tonnes per hectare achieved in 2002/03.

A highlight was the excellent performance of a new medium grain variety (YRM 69) being considered for release. While there was only around 300 hectares grown for seed increase, its average yield was 11.5 tonnes per hectare. If YRM 69 meets all required quality hurdles and is released, it will be the first variety available with improved cold tolerance.

Rice Research Australia Pty Ltd (RRAPL)

Our research and development subsidiary, RRAPL, continued to work in close partnership with Industry & Investment NSW's Rice Breeding Program in 2009/10. Around 45 hectares of RRAPL's 103 hectare rice planting was dedicated to breeding trials, cold tolerance research and other agronomic trials.

Our research and development innovation was highlighted at the Annual Rice Field Day hosted by RRAPL at "Old Coree" in March. The Field Day was a collaborative effort supported by SunRice, Industry & Investment NSW, the Rural Industries Research & Development Corporation and a number of machinery suppliers. Around 150 rice growers participated in the Field Day and rated it the best ever held.

Through RRAPL we are also participating in a number of international rice research and development projects receiving Australian Government funding. RRAPL's involvement leverages additional funding to improve rice varieties for the Australian rice farming system.

A new dawn: Harry Morshead (senior and junior).

Fourth generation Griffith growers, the Morsheads.

2009/10 harvest.

Whitton grower, Craig Kefford.

Our Subsidiaries Riviana Foods

Despite challenging economic times, Riviana Foods achieved record revenue and continued to grow key sectors within its business portfolio.

Despite challenging economic times, Riviana Foods achieved record revenue and continued to grow across key sectors. To help lessen the impact on increasing costs, we strengthened business relationships with major suppliers and increased efficiencies in both local and global procurement.

Improved forecasting and manufacturing processes were an important generator of profit and also provided the platform to defend our brands across both retail and foodservice sectors, while facilitating excellent customer service.

Retail expansion

Riviana's retail brands continued to be well represented in all major supermarket chains, with many products maintaining share in an increasingly crowded and competitive marketplace.

The Always Fresh brand increased its leadership market position of the Pickled Vegetables category, with product innovation demonstrating our ability to interpret consumer needs and convert consumer insight into action.

In 2009/10, Always Fresh launched Antipasto to Go, an innovative range of ambient antipasto packed in single serve plastic cups with resealable, easy-open lids. The launch of eight varieties was supported with an extensive marketing program, including magazines, a dedicated website, sponsorship of television cooking programs and sampling at food shows and outdoor cinemas. New product development and packaging innovation across other categories delivered incremental sales, including the launch of our new gourmet relishes, wafer crackers, croutons and white vinegar.

Sales into alternate distribution channels were also achieved with the aim of further expanding into these emerging channels in the future.

Food Service growth

Our Food Service business continued to trade solidly over the past year, and again over delivered to our company's bottom line. Closer working relationships with key distributors and food franchises underpinned the continued success in raising our company profile and defending market share against new and aggressive competition.

Creative new products and effective promotional initiatives, designed to boost our brand presence and drive sales, delivered strong results in both Australia and New Zealand.

Operating excellence

Riviana Foods remains committed to creating a safe and healthy working environment, and continued to implement improved processes to achieve this goal in 2009/10. All employees within our team worked together and demonstrated resilience against the backdrop of an ever-changing business environment. This allowed us to gain greater efficiencies in our manufacturing sites with minimal downtimes.

We are committed to providing innovation and excellence to our customers. For this reason, we remain confident in a positive future and a business that will continue to deliver profitable growth to our shareholders.

Our Subsidiaries Trukai Industries

Trukai Industries maintained its position as Papua New Guinea's leading supplier of quality rice products, adopting innovative marketing strategies to grow the rice market and improve our overall share.

Despite volatile conditions, Trukai Industries maintained its position as Papua New Guinea's leading supplier of quality rice products in 2009/10. Our Trukai brand continues to be associated with health and strength, and remains Papuans' favourite rice brand.

Marketing initiatives and community support

In 2009/10 Trukai adopted innovative marketing strategies to grow the rice market and improve our overall share. This included the launch of a highly successful Player Card insert program utilising our association with the North Queensland Cowboys NRL team.

We continued our efforts in developing the PNG community through sport, most notably through the Trukai Olympic Day Fun Run. The Trukai Fun Run is now held in 14 regions across the country with an estimated 50,000 people participating in the Port Moresby event alone.

Safety record

Operationally, there were no lost-time injuries for the year. Significantly, our planned 5% yearly reduction in safety incidents across the business was exceeded, with the business achieving a 51% reduction. This highlights positive employee behaviour and our commitment to safety in the workplace.

Strengthening our operations

We continued to focus on strengthening and streamlining Trukai operations in 2009/10. SunRice managers and employees spent time in our PNG business, partnering our leaders in manufacturing, quality and safety.

A strong future

Trukai's future remains bright. We are confident that with the strength of our brand and the focus of our staff, Trukai will continue to deliver strong results and maintain our market dominance.

Our Subsidiaries SunFoods

SunFoods underwent significant development in 2009/10, continuously changing, improving and learning as part of the transition into the SunRice business.

Over the past year SunFoods continued to assimilate into the SunRice group, implementing a significant upgrade and development program combined with product expansion and the roll out of new and improved packaging for the HINODE brand.

Operating excellence

Our Woodland facility underwent significant development in 2009/10, continuously changing, improving and learning as part of the transition into the SunRice business.

The past 12 months have seen many improvements made, delivering both increased milling capacity and improved operating systems. SunRice "best practices" in safety, quality and GMP were also adopted in our operations, culminating in successful HACCP and AIB (American Institute of Baking) accreditation.

Sales and marketing initiatives

The HINODE brand was refreshed in 2009/10, with a complete upgrade of packaging and branding for our Table Rice range. At the same time, we successfully launched 10 new products into retailers, including new rice varieties – Jasmine and Basmati, new Microwave Rice products, and Rice Cakes.

To support the brand, HINODE television commercials were developed based on the highly successful and acclaimed "Rice Sculptures" campaign used in Australia. The commercials have been shown in Hawaii and the Sacramento regions, with positive feedback from both consumers and retailers.

A highlight of 2009/10 was the implementation of our US mainland retail expansion plan, which increased our US customer base and launched HINODE into four new states – Oregon, Washington, Utah and Idaho.

Leveraging SunRice innovation

Looking forward, our vision for the HINODE brand is to continue to grow, both in market share for existing markets, and also with distribution gains into new US states. We plan to leverage the SunRice innovation pipeline of value-added products to complement the core HINODE rice range, and excite retailers with a complete rice category solution to meet their consumers' needs.

CopRice

The successful installation of an auto packing line coupled with an innovative new product development program means we now face exciting opportunities in the grocery, agricultural, retail and export markets.

Changes in key farming markets meant CopRice experienced a difficult trading environment in the first half of 2009/10. With dairy feed demand down due to low farm gate milk prices, an extraordinary spring allowed many of our customers to capitalise on the favourable pasture and fodder production, reducing the need for purchased feed.

In our grocery business, we delivered good results for cat litter and dog food. New product development was aimed at improving our product sales mix to ensure branded sales growth, while maintaining the overall volumes critical to a profitable manufacturing operation.

Our investment in automated bagging and palletising operations at Leeton in 2009/10 allowed us to maintain CopRice's reputation for quality as well as driving operational efficiencies.

Innovation and operating excellence

CopRice continued to lift the bar on operational excellence in 2009/10. The successful installation of the auto packing line in the specialty pet foods plant in November added further efficiency to our Leeton facility. Coupled with an innovative new product development program, this means we now face exciting opportunities in the grocery, rural and export markets.

Our overarching product portfolio continues to grow, with all products made to exact specifications and monitored and recorded by trained staff through food-quality infrared technology, water activity and physical measurement. Our sales and nutrition teams continued to work closely with our customers to ensure our products meet their needs, in the most cost-effective manner.

Quality

CopRice remains committed to quality, maintaining accreditation under international standards for quality and food safety management systems in AS/NZS 9000:2008, HACCP and Good Manufacturing Practices. These programs ensure that our CopRice Quality Program exceeds the accreditation requirements for both the stockfeed industry (FeedSafe) and the Pet Food Industry Association of Australia.

CopRice people

Our people have shown great dedication to safety, quality and service. Their focus has been resolute and resulted in zero lost-time injuries for the year and an excellent record of quality.

Our Community and Environment

SunRice brand ambassador, Stephanie Rice, thrilled the children and teachers of the tiny 14-pupil Gogango State School in Rockhampton – winners of the Children Helping Children initiative and lucky recipients of a swim clinic with the gold medal winner and $20,000 in cash.

Our Community and Environment

One of the highlights of the year was the 2010 Leeton SunRice Festival, held over the Easter weekend. Featuring two new events – the SunRice Community Cook-off and Leeton's Longest Lunch – the biennial festival attracted record crowds of more than 10,000.

In 2009/10, SunRice proudly engaged in many activities that supported both local and international communities. Through our partnership with UNICEF, we helped fund the Pacific Vaccination Program and launched a national primary schools initiative, Children Helping Children, to further add to this worthwhile cause.

We continued our commitment to Foodbank Australia, with our donated rice products distributed to non-profit welfare agencies across Australia, feeding many families in need. Our subsidiaries, Trukai, Solrice, and CopRice, also supported their communities by donating rice products and providing financial support to worthy causes and local events.

Leeton SunRice Festival

One of the highlights of the year was the 2010 Leeton SunRice Festival, held over the Easter weekend. Featuring two new events – SunRice Community Cook-off and Leeton's Longest Lunch – the biennial festival attracted record crowds of more than 10,000 people. Murrami rice grower Scott Williams won the coveted title of SunRice SuperChef at the Cook-off, which was co-hosted by MasterChef finalist, Justine Schofield. Our shareholders and employees were also well represented in the SunRice Festival Street Parade, with the children of employees – past and present – joining third and fourth generation rice farming families to wave to the crowds from the SunRice float.

Regional activities

SunRice brand ambassador Stephanie Rice travelled to the Solomon Islands in September to observe our involvement in a UNICEF Pacific Vaccination Program. She also thrilled the children and teachers of the tiny 14-pupil Gogango State School in Rockhampton – winners of the Children Helping Children initiative and lucky recipients of a swim clinic with the gold medal winner and $20,000 in cash.

SunRice provided monetary and product donations to a large number of schools and sporting organisations across Australia and New Zealand, as well as other community groups throughout the Riverina. These events included the SunRice Family Centre at the Deniliquin Ute Muster, the annual Leeton SunRice Pro-Am Golf Tournament and the MIA Open Tennis Tournament in Griffith.

We also continued our support of the Ricegrowers' Association of Australia and its Environmental Champions Program (ECP), which sets measures for environmental performance and recognises growers for their green stewardship.

Environment protection

We continued our commitment to environmental protection and sustainability in 2009/10 with a review of the SunRice Environment Management Program. The review focused on water, energy and waste management activities, and established relevant measures to identify performance in our reduction strategies.

To date, we have achieved a 28% reduction in water use and a 10% reduction in energy use per tonne of finished product, compared to the previous reporting period. Trade wastewater management was also improved at our Specialty Rice Foods facility with the development of a new wastewater treatment plan.

SunRice's participation in the National Packaging Covenant is ongoing. An improved report rating was achieved for the annual report in 2009/10, reflecting the proactive management of packaging design and on-site activities for the reduction of packaging waste sent to landfill.

unicef


Leeton's Longest Lunch at the 2010 Leeton SunRice Festival.


SunRice brand ambassador Stephanie Rice and SunRice's Craig Young in the Solomon Islands.

SunRice SuperChef, Murrami rice grower, Scott Williams.


2010 Leeton SunRice Festival ambassador, Olivia Stott.

Our People and Culture

Our people continue to enjoy the challenge, pace and entrepreneurial culture of our dynamic organisation. This remains the keystone to our success.

With Riverina rice volumes above 200,000 tonnes for the first time since 2006, our business is experiencing great optimism about the future. Our people continue to enjoy the challenge, pace and entrepreneurial culture of our dynamic organisation. This remains the keystone to our success.

Developing our people

SunRice's global operations provided many of our Australian employees with the opportunity to broaden their business and personal experience through offshore assignments. In 2009/10, our expatriates on assignment provided or transferred a specialised technical skill not available in-country – from filling temporary leadership gaps to working on business improvement projects.

Our commitment to developing and supporting leadership was reinforced in 2009/10 with a Front Line Leaders Program launched in our regional business units. The program, which is ongoing, builds durable leadership and management skills that promote flexibility, adaptability and professionalism in our front line leaders and their teams.

Workplace culture

We aim to create a high performance culture that encourages and supports our employees to do the best job they can, cares for their safety, health and wellbeing, and compensates them equitably for their skills and experience.

In 2009/10, we undertook the renegotiation of a new collective agreement for our manufacturing staff. This agreement underpins our workplace culture and our ongoing partnership with employees.

Rewarding and recognising our people

In 2009/10, 36 of our employees achieved significant service milestones, ranging from five to 43 years of continuous employment. Team-based award ceremonies were held at our workplaces to recognise the dedication and commitment these employees have demonstrated over many years.

SunRice Employee Awards

In 2009/10, the SunRice Employee Awards program recognised the energy and determination of employees who consistently deliver exceptional service to our customers and our business.

From efficiency gains and product development, to expanding our sales and distribution into new markets, our 2009/10 winners all demonstrated great commitment and initiative. Congratulations to our winners, listed below:

Individual Service and Down to Business Awards

Awarded to Peter Farrell – Rice Runner, Leeton Mill; Tracey Watson – Accounts Payable and Settlements Officer, Leeton Office; John Stevens – National Business Manager – Food Service, Sydney Office; and George Hanks – Delivery Driver, CopRice Cobden.

Business Improvement and Innovation Awards

Awarded to Peter Le – Technical Manager, Value Added Products, Sydney Office; and Greg McLean – Senior Flour Miller, Leeton Mill.

Team Award

Awarded to the Sydney Finance Team for the strong contribution and support this group offers business-wide. The team comprises Treasurer Shaun Egelton; Management Accountant Jo Cannon; Financial Accounting Manager Deb Dasey; and Finance Manager Reporting and Projects Rachel Millar.

Six Sigma Award

Awarded to the Rice Cakes Brown Blow Line Project Team for its work in reducing complexity and increasing efficiency across our Leeton operations. The team comprises Production Coordinator Scott Randall; Maintenance Manager Paul Stafford; AGS and Warehouse Manager, Leeton Matt Bailey; Production Coordinator Brad Bush; and Continuous Improvement Manager Simon Spiers.

SunRice Employee of the Year

This award – the most prestigious on our calendar – recognises a stand out performance that showcases drive and the entrepreneurial spirit valued in our business.

The 2009/10 SunRice Employee of the Year was John Stevens, our National Business Manager – Food Service. In the wake of the drought, John found himself stewarding one of the sales channels hardest hit by lost Riverina rice volumes. He devoted his drive and passion to creating a new channel – petroleum and convenience stores networks – to sell our product range. Under John's direction, this channel continues to experience strong growth and has a solid future. Congratulations to John on this worthy achievement.

CEO Gary Helou congratulates SunRice Employee of the Year, John Stevens.

Deniliquin apprentice and winner of the 2009/10 AIG Perpetual Shield, James Driver.

Information Support Services Officer, Kylie Depaoli.

Analytical laboratory technician, Jaclyn Dedini.

Board of Directors

With the record yields of the past year and the significant volume of water allocation carried over to 2010/11, there is a renewed sense of optimism that we will turn the corner on the drought in the coming year – Gerry Lawson.

Gerry Lawson
LDA MAICD

Mayrung rice grower. Director since 1985. Chairman since 2001. Directors' Committees: 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); Sunshine Rice Inc (USA), SunFoods LLC (USA). Member of the Rice Marketing Board for the State of NSW. SunRice representative to the Ricegrowers' Association of Australia Inc.

Gary Helou
BE (Hons) MComm FAICD FAIM

Director since 2003. Director, Riviana Foods Pty Ltd; Trukai Industries Limited (PNG); Aqaba Processing Company (Jordan); Sunshine Rice Inc (USA); SunFoods LLC (USA); USA Rice Millers' Association. Member, Advisory Council Asia Society.

Russell Higgins
AO BEc FAICD

Director since 2005. Directors' Committees: Member, Finance and Audit. Director, Telstra Corporation Limited; APA Group (formerly Australian Pipeline Trust). Chairman, Global Carbon Capture and Storage Institute; 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' Committees: Chairman, Grower Services. Director, Rice Research Australia Pty Ltd. Member, Rice Marketing Board for the State of NSW. Member, RIRDC Rice Research and Development Committee. Chairman, Murrumbidgee Irrigation Limited.

Mark Robertson
MAICD

Berriquin rice grower. Director since 1996. Deputy Chairman since 2001. Directors' Committees: 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; SunRice Trading Pty Ltd, SunFoods LLC (USA). Deputy Chairman, Murray Irrigation Ltd. Member, Rice Industry Co-ordination Committee.

Laurie Arthur
BAgSc GAICD

Moulamein, Barham and Kununurra rice grower. Director since 2007. Directors' Committees: Member, Finance and Audit, Grower Services. Chairman, National Farmers Federation Water Taskforce. Commissioner of the National Water Commission. Former President, Ricegrowers' Association of Australia Inc.

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); Murray Irrigation Limited. Member of the Rice Marketing Board for the State of NSW. Rice Marketing Board representative to the Ricegrowers' Association of Australia Inc.

Grant F Latta
AM MBA BBus FAICD FAIM CPA

Director since 1999. Directors' Committees: Chairman, Remuneration, Finance and Audit. Executive Chairman, GCM Corp Pty Ltd. Chairman, Australian Capital Strategies Pty Ltd. Director, Biota Holdings Limited, Coleambally Irrigation Co-operative Limited, McWilliam's Wines Group Ltd. Member, Australian Competition Tribunal (Federal Court).

Norm McAllister
DipAppSc (Ag) FAICD

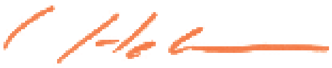
Berriquin rice grower. Director since 1997. Directors' Committees: Member, Grower Services. Chairman, Rice Research Australia Pty Ltd. Deputy Chairman, Rural Industries and Development Corporation. Director, Riviana Foods Pty Ltd, Silica Resources Pty Ltd. Member, Rice Industry Co-ordination Committee.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

Alan Walsh
FAICD

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

Corporate Management Team

Our results reflect the output of strategies that are framed along four drivers: expanding our rice food business, investment in global brands, effective global sourcing and ongoing cost reductions – Gary Helou.



Gary Helou

BE (Hons) MComm FAICD FAIM
Chief Executive Officer

Joined SunRice in 1998 as General Manager, Marketing, and was appointed CEO in October 1999. Gary has extensive experience in the food industry, including 10 years in Asia holding Executive General Manager roles at Simplot, Indofood and Pacific Dunlop Limited. Director, Riviana Foods Pty Ltd; Trukai Industries Limited (PNG); Aqaba Processing Company (Jordan); Sunshine Rice Inc (USA); SunFoods LLC (USA); USA Rice Millers' Association. Member, Advisory Council Asia Society.

Mandy Del Gigante

BComm 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 for the State of New South Wales, Mandy returned to SunRice in 2005. Prior to working in the rice industry, she worked in the commercial and chartered accounting fields for international firms.

Mike Hedditch

BSc (Ag) DipEd ACI
General Manager, Grower Services

Joined SunRice in 1999 as General Manager, Grower Services. Mike has extensive experience in agricultural technology, policy development, communication and government relations. Before joining SunRice he was Executive Director of The Ricegrowers' Association of Australia Inc. for a 13-year term, and prior to that worked as a District Agronomist with NSW Agriculture. Director of Rice Research Australia Pty Ltd.

David Keldie

BA
General Manager, Consumer Markets

David was appointed General Manger, Consumer Markets in 2005, following previous roles at SunRice. David is responsible for the Middle East, Asia, the Pacific and Australia / New Zealand as well as New Product Development, and the Aqaba processing facility in Jordan. David has 25 years' experience in the FMCG industry.

Brad Hingle

Chief Financial Officer

Joined SunRice in 1999 as Financial Controller, and was appointed General Manager Finance in 2006, and Chief Financial Officer in 2009. Prior to joining SunRice, Brad held finance and management positions at Deloitte Consulting Australia, Dunlop Tyres (South Africa) and Mondi Limited (South Africa). Brad has studied Cost and Management Accounting.

Milton Bazley

BAppSc BBus DipExMan
General Manger, Global Procurement

Joined SunRice in 1994 as Regional Export Manager and was appointed a General Manager in 2002. Milton is responsible for sales to unbranded international markets and SunRice's foreign rice trading operations. He has over 20 years' experience, including roles with CSR Limited and P&O Container Lines. Milton is a Director of Solomons Rice Company Limited.

Sharyn Brown

MComm GradDip (Adult Education)
DipTeach (Technical)
General Manager, People and Culture

Joined SunRice in 2006 as People and Culture Manager in Leeton, before being appointed to the Sydney-based position in 2008, and General Manager, People and Culture in 2010. Sharyn's FMCG food industry experience spans employee relations, industrial relations and organisation development. She has previously worked for Coca-Cola Amatil, Goodman Fielder and Visy.

Gerard Woods

BAppSc MBA
General Manager, CopRice and AGS

Joined SunRice in November 2009 as General Manager, AGS and was appointed General Manager, CopRice in May 2010. Gerard has extensive experience in the food, agriculture and commodity risk management fields. Prior to joining SunRice, he worked with Goodman Fielder.

Patrick Youil

General Manager, Operations

Joined SunRice in 2010 as General Manager, Group Operations. Patrick is responsible for driving best practice in manufacturing, supply chain, quality and safety. He has over 25 years' experience across food and FMCG industries in Australia and Asia, and previously held senior management roles at Kraft Foods International.

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, establishes goals for management and assesses the achievement of those goals, determines the appropriate risk profile and monitors compliance, in terms of regulatory and ethical standards.

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

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 10 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".

Board Operations

Board Meetings are structured to review the company's strategy and to provide the Board with an overview of 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. Board members also attend site visits to the company's operations.

Particulars of each Director's Board Meeting attendance for the past 12 months are included in Directors' Report.

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 including compliance with applicable statutes and regulations.

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 and representatives of the internal auditor and external auditor are invited to attend the meetings.

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

The 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.

PricewaterhouseCoopers (PwC) have been the company's external auditor since 1993. In accordance with good corporate governance this appointment has been reviewed during the year. The review process was transparent and extensive, with proposals sought from a number of major accounting firms. After presentations from selected firms, and a detailed assessment process, the Committee recommended to the Board that PwC 's appointment should be extended. It is anticipated that this extension will be similarly reviewed in the future.

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 Committee is also responsible for the internal audit program of the company, which is totally independent of the external audit function. The Committee reviews and monitors the program and reviews internal audit reports. Following an extensive review during the year the internal audit function has been outsourced to KPMG. It is also anticipated that this appointment will be regularly reviewed.

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 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.

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.

Corporate Governance Statement

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. It ensures information is reliable and has integrity, operations are efficient and effective and policies and regulations are adhered to. The internal auditor has direct access to the Finance 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

As the company's B class shares are quoted on the National Stock Exchange (NSX), the company complies with the continuous disclosure requirements of the NSX Listing Rules. In particular, the NSX Listing Rules oblige the company to disclose any information that is necessary to enable an appraisal of SunRice's financial position and information that a reasonable person would expect to have a material effect on the price or value of the company's securities.

The Board has established policies and procedures that are overseen by the Company Secretary to ensure that the company complies with its continuous disclosure obligations.

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 website (www.sunrice.com.au).

When any stakeholders are updated on material aspects of the company's operations, the information is provided to shareholders and posted on the company's website, 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 website 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.

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Directors' Report & 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 21 June 2010.

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 2010.

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
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 receival 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 non-controlling interests was $12,171,000 (2009: $75,811,000).

4 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.

5 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.

6 Events subsequent to the balance sheet date

On 21 June 2010 the Directors declared a fully franked final dividend of 22.5 cents per share. The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

7 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.

Directors' Report continued

8 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.

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 including energy and water usage 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 report and action plan has been completed and submitted as required and has been assessed and accepted.

The reduction of packaging waste to landfill has been successfully maintained. The impact of trade waste water has been addressed with the establishment of a water treatment plant.

Greenhouse gas and energy data reporting requirements
The group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* if consumption levels exceed thresholds.

Ricegrowers Limited has assessed its energy usage. The assessment has determined that Ricegrowers Limited did not exceed the energy consumption thresholds set by the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007* for the current reporting period and consequently are not subject to the reporting requirements of both acts.

9 Drought Impact

As a result of the continued drought, paddy received for 2009/2010 financial year was 66k tonnes (19k tonnes in prior year).
The 2010/2011 paddy is estimated to be 203k tonnes.

10 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2010.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,666,589
2	Burrabogie Pastoral Co Pty Ltd	2,261,004
3	Dellapool Nominees Pty Ltd	1,011,949
4	Germanico Super Pty Ltd	678,135
5	Taurian Pty Ltd	467,290
5	Industry Designs Pty Ltd	467,290
7	Mr Alan David Walsh	467,254
8	D & R Chaplin Pty Ltd	369,813
9	GF & SB Lawson Pty Ltd	330,139
10	RM & AM Brain	311,970

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

11 Directors' qualifications

Refer to the Annual Report for details.

12 Directors' interests in shares

Director	Directors' interests in A and B Class shares of Ricegrowers Limited 30 April 2010	30 April 2009
GF Lawson	330,140	222,854
DM Robertson	224,540	131,317
LJ Arthur	234,819	140,197
NG Graham	100,898	71,277
G Helou	54,000	–
RA Higgins	29,838	–
GL Kirkup	67,425	28,366
GF Latta	29,838	–
N McAllister	319,086	62,078
AD Walsh	473,323	126,328

13 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson	16	16	–	–	1	–	5	5
DM Robertson	16	16	5	5	3	3	5	5
LJ Arthur	16	16	4	5	4	4	–	–
NG Graham	16	16	5	5	–	–	–	–
G Helou	16	16	5	5	–	–	–	–
RA Higgins	14	16	5	5	–	–	–	–
GL Kirkup	16	16	–	–	4	4	–	–
GF Latta	16	16	5	5	–	–	5	5
N McAllister	15	16	–	–	3	4	–	–
AD Walsh	16	16	–	–	4	4	–	–

14 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.

15 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.

Directors' Report continued

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 17 of the Directors Report.

(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 and Mercer Human Resource Consulting. 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) 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;

b) 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;

c) The Chairman of Directors shall receive an additional allowance of $58,400 per annum;

d) The Deputy Chairman of Directors shall receive an additional allowance of $36,150 per annum;

e) External Directors shall receive an additional allowance of $36,150 per annum;

f) 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.

(iii) Retirement allowances for directors

For Directors leaving after less than three years service the SCG (superannuation contribution guarantee) is payable. The Directors retirement allowance is payable for directors who leave after three years service and is pro rated between three and eight years. After eight years of service the retirement benefit payable on leaving is equal to the last three years' total emoluments.

(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 employee reward.

(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.

16 Remuneration report (audited) (continued)

(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 2010 for management. Final values have been determined by the Remuneration Committee and the Board.

M.Bazley, B.Hingle and D.Keldie participate in a long term incentive plan which commenced 1 May 2008 and operates through to 30 April 2011. This plan is contingent on the achievement of predetermined performance targets set by the Board.

17 Details of remuneration (audited)

(a) Directors
The Directors named in the Directors' Report each held office as a Director of Ricegrowers Limited during the year ended 30 April 2010.

(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
M. Bazley	General Manager, Global Procurement	Ricegrowers Limited
B. Hingle	Chief Financial Officer	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 2009.

(c) Key Management Personnel and Directors Compensation

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$	$	**$**	$
Short term employee benefits	**2,513,978**	3,257,901	**2,995,785**	4,173,283
Post-employment benefits	**131,991**	292,251	**170,252**	330,512
Other long-term benefits	**267,334**	605,733	**308,173**	646,572
Share-based payments	**–**	–	**–**	–
	2,913,303	4,155,885	**3,474,210**	5,150,367

Directors' Report continued

17 Details of remuneration (audited) (continued)

(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 $	$
B Hingle								
2010	**305,883**	**50,000**	**27,937**	**21,180**	**–**	**43,000**	**–**	**448,000**
2009	295,686	80,000	25,397	22,782	–	69,000	–	492,865
M Bazley								
2010	**318,370**	**40,000**	**–**	**26,600**	**–**	**33,000**	**–**	**417,970**
2009	308,774	81,300	–	36,196	–	70,000	–	496,270
D Keldie								
2010	**316,900**	**40,000**	**2,243**	**27,062**	**–**	**33,000**	**–**	**419,205**
2009	310,799	80,000	5,845	29,562	–	70,000	–	496,206
J Lloyd								
2010	**386,857**	**30,000**	**64,950**	**38,261**	**–**	**40,839**	**–**	**560,907**
2009	386,857	20,000	64,950	38,261	–	40,839	–	550,907

* Other long term benefit for M.Bazley, B.Hingle and D.Keldie is a provision and is based on a preliminary assessment of the predetermined performance targets set by the Board. The final assessment will be completed on 30 April 2011.

(ii) Service agreements

The CEO, Gary Helou, has a service agreement in force until 1 May 2013. 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.

17 Details of remuneration (audited) (continued)

(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 $	$
GF Lawson								
2010	**81,332**	**–**	**–**	**7,320**	**(6,493)**	**–**	**–**	**82,159**
2009	81,080	–	–	7,297	(6,690)	–	–	81,687
DM Robertson								
2010	**54,798**	**–**	**–**	**4,932**	**(13,443)**	**–**	**–**	**46,287**
2009	57,318	–	–	5,159	10,493	–	–	72,970
LJ Arthur								
2010	**33,850**	**–**	**–**	**3,047**	**–**	**–**	**–**	**36,897**
2009	34,102	–	–	3,069	–	–	–	37,171
NG Graham								
2010	**34,354**	**–**	**–**	**3,092**	**(10,027)**	**–**	**–**	**27,419**
2009	36,118	–	–	3,251	22,632	–	–	62,001
G Helou								
2010	**762,833**	**247,500**	**8,000**	**29,167**	**–**	**158,334**	**–**	**1,205,834**
2009	733,939	507,500	16,061	50,000	–	333,333	–	1,640,833
RA Higgins								
2010	**44,718**	**–**	**–**	**4,025**	**17,585**	**–**	**–**	**66,328**
2009	42,198	–	–	3,798	51,939	–	–	97,935
GL Kirkup								
2010	**33,346**	**–**	**–**	**3,001**	**20,490**	**–**	**–**	**56,837**
2009	34,354	–	–	3,092	35,077	–	–	72,523
GF Latta								
2010	**44,466**	**–**	**–**	**–**	**504**	**–**	**–**	**44,970**
2009	43,710	–	–	–	(5,796)	–	–	37,914
N McAllister								
2010	**32,086**	**–**	**–**	**2,888**	**(8,799)**	**–**	**–**	**26,175**
2009	32,338	–	–	2,910	(6,417)	–	–	28,831
AD Walsh								
2010	**35,362**	**–**	**–**	**3,183**	**(3,323)**	**–**	**–**	**35,222**
2009	32,590	–	–	2,933	7,326	–	–	42,849

Retirement benefits are based on 3 year average earnings. Director's superannuation entitlements will be netted off against the company's obligation to their retirement benefit. As a result, the company's obligation for a year may fluctuate based on the performance of each of the directors' superannuation investment mix.

As required to be disclosed under the *Corporations Act 2001*, as one of the 5 highest paid executives of the Group, C Cassar (retired 30/4/10), was remunerated $711,992 (2009: $495,830) during the period. Amounts received were made up of cash salary and fees $352,430 (2009: $388,792), cash bonus $0 (2009: $30,000), superannuation $50,000 (2009: $13,638) and post employment benefits $309,562 in respect of years of service as a Key Management Personnel.

Directors' Report continued

17 Details of remuneration (audited) (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:

Issuing entity	2010	2009
Ricegrowers Limited	**1,081,490**	70,143

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:

Issuing entity	2010	2009
Ricegrowers Limited	**1,863,907**	782,417

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

Transaction type and class of other party	Ricegrowers Limited	
	2010	2009
	$000's	$000's
Purchases of rice from Directors	**1,596**	951
Purchases of grain from Directors	**65**	79
Sale of inputs to Directors	**58**	21
Sale of stockfeed to Directors	**19**	6
Purchases of inputs from Directors	**34**	3

18 Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 45.

19 Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial 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

21 June 2010

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 46 to 94 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2010 and of their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that Ricegrowers Limited will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 39 to 43 of the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

For and on behalf of the Board.

GF Lawson
Chairman

DM Robertson
Deputy Chairman

21 June 2010

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2010, I declare that to the best of my knowledge and belief, there have been:

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

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

S J Bourke
Partner
PricewaterhouseCoopers

Sydney
21 June 2010

Income Statements

For the year ended 30 April 2010

	Note	Ricegrowers Limited 2010 $000's	Ricegrowers Limited 2009 $000's	Consolidated 2010 $000's	Consolidated 2009 $000's
Sales revenue	4	**618,726**	720,269	**815,094**	896,220
Other revenue	4	**13,623**	6,217	**2,368**	5,830
Revenue from continuing operations		**632,349**	726,486	**817,462**	902,050
Other income	5	**97**	2,183	**2,483**	1,736
Changes in inventories of finished goods		**(43,447)**	68,625	**(73,088)**	107,033
Raw materials and consumables used		**(425,076)**	(537,931)	**(499,088)**	(665,320)
Employee benefits expense		**(40,780)**	(45,213)	**(68,263)**	(65,540)
Depreciation and amortisation expense	6	**(9,246)**	(11,331)	**(21,583)**	(22,695)
Finance costs		**(13,323)**	(15,169)	**(18,995)**	(20,877)
Impairment of fixed assets	15	**–**	(8,658)	**–**	(8,658)
Other expenses	6	**(84,711)**	(90,930)	**(123,727)**	(122,037)
Share of net profit of associate accounted for using the equity method		**–**	–	**314**	582
Profit before income tax		**15,863**	88,062	**15,515**	106,274
Income tax expense	7	**(4,805)**	(26,154)	**(3,766)**	(29,450)
Profit for the year		**11,058**	61,908	**11,749**	76,824
Profit for the year is attributable to:					
Non-controlling interests		**–**	–	**(422)**	1,013
Ricegrowers Limited shareholders		**11,058**	61,908	**12,171**	75,811
		11,058	61,908	**11,749**	76,824
Earnings per share for profit attributable to B Class Shareholders					
Basic and diluted earnings (cents per share)	33			**25**	213

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

Statements of Comprehensive Income

For the year ended 30 April 2010

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Profit for the year	**11,058**	61,908	**11,749**	76,824
Other comprehensive income:				
Change in fair value of available-for-sale financial assets	**–**	(300)	**–**	(306)
Changes in fair value of cash flow hedges	**3,233**	(2,449)	**4,473**	(3,941)
Exchange differences on translation of foreign operations	**–**	–	**(9,510)**	5,299
Income tax relating to items of other comprehensive income	**(971)**	761	**(1,347)**	1,217
Other comprehensive income for the year, net of tax	**2,262**	(1,988)	**(6,384)**	2,269
Total comprehensive income for the year	**13,320**	59,920	**5,365**	79,093
Total comprehensive income for the year is attributable to:				
Non-controlling interests	**–**	–	**(3,523)**	2,247
Ricegrowers Limited shareholders	**13,320**	59,920	**8,888**	76,846
	13,320	59,920	**5,365**	79,093

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

Balance Sheets

As at 30 April 2010

	Note	Ricegrowers Limited		Consolidated	
		2010	2009	**2010**	2009
		$000's	$000's	**$000's**	$000's
Current assets					
Cash and cash equivalents	**8**	**8,124**	13,457	**9,066**	26,522
Receivables	**9**	**171,461**	177,504	**118,364**	116,788
Inventories	**10**	**220,146**	209,582	**333,653**	342,245
Current tax receivable		**–**	–	**111**	–
Derivative financial instruments	**13**	**1,877**	64	**3,409**	386
Total current assets		**401,608**	400,607	**464,603**	485,941
Non-current assets					
Receivables	**9**	**43,840**	22,185	**1,237**	1,611
Available-for-sale financial assets	**12**	**–**	–	**3**	4
Other financial assets	**11**	**4,203**	4,203	**105**	127
Property, plant and equipment	**15**	**67,866**	75,115	**221,659**	243,181
Investment properties	**17**	**3,458**	4,108	**3,458**	4,108
Intangible assets	**16**	**3,212**	3,069	**10,174**	11,267
Deferred tax assets	**18**	**10,232**	7,697	**17,663**	13,257
Investments accounted for using the equity method	**14**	**–**	–	**1,106**	1,068
Total non-current assets		**132,811**	116,377	**255,405**	274,623
Total assets		**534,419**	516,984	**720,008**	760,564
Current liabilities					
Payables	**19**	**77,947**	64,813	**65,676**	77,377
Grower payables	**19**	**49,774**	16,097	**49,774**	16,097
Borrowings	**20**	**115,512**	159,395	**181,204**	173,438
Current tax liabilities		**2,568**	26,957	**4,209**	30,385
Provisions	**21**	**7,773**	8,011	**9,611**	9,421
Derivative financial instruments	**13**	**499**	1,928	**775**	2,909
Total current liabilities		**254,073**	277,201	**311,249**	309,627
Non current liabilities					
Payables	**19**	**–**	–	**32,336**	64,801
Grower payables	**19**	**11,807**	4,603	**11,807**	4,603
Borrowings	**20**	**57,968**	68,698	**99,075**	151,192
Deferred tax liabilities	**22**	**1,876**	2,057	**2,503**	3,345
Provisions	**21**	**1,668**	2,101	**3,037**	3,537
Total non-current liabilities		**73,319**	77,459	**148,758**	227,478
Total liabilities		**327,392**	354,660	**460,007**	537,105
Net assets		**207,027**	162,324	**260,001**	223,459
Equity					
Contributed equity	**23**	**101,017**	58,072	**101,017**	58,072
Reserves	**24**	**19,554**	17,292	**17,820**	21,103
Retained profits	**24**	**86,456**	86,960	**129,682**	129,073
Total parent entity interest		**207,027**	162,324	**248,519**	208,248
Non-controlling interests		**–**	–	**11,482**	15,211
Total equity		**207,027**	162,324	**260,001**	223,459

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

Statements of Changes in Equity

For the year ended 30 April 2010

Consolidated

	Contributed equity $000's	**Reserves $000's**	**Retained earnings $000's**	**Total $000's**	**Non-controlling interests $000's**	**Total $000's**
Balance as at 1 May 2009	**58,072**	**21,103**	**129,073**	**208,248**	**15,211**	**223,459**
Total comprehensive income for the year	**–**	**(3,283)**	**12,171**	**8,888**	**(3,523)**	**5,365**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	**42,945**	**–**	**–**	**42,945**	**–**	**42,945**
Dividends paid	**–**	**–**	**(11,562)**	**(11,562)**	**(206)**	**(11,768)**
	42,945	**–**	**(11,562)**	**31,383**	**(206)**	**31,177**
Balance as at 30 April 2010	**101,017**	**17,820**	**129,682**	**248,519**	**11,482**	**260,001**

	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's	Non-controlling interests $000's	Total $000's
Balance as at 1 May 2008	54,194	20,068	53,262	127,524	5,256	132,780
Total comprehensive income for the year	–	1,035	75,811	76,846	2,247	79,093
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,878	–	–	3,878	7,708	11,586
Dividends paid	–	–	–	–	–	–
	3,878	–	–	3,878	7,708	11,586
Balance as at 30 April 2009	58,072	21,103	129,073	208,248	15,211	223,459

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

Statements of Changes in Equity

For the year ended 30 April 2010

Ricegrowers Limited

	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's
Balance as at 1 May 2009	**58,072**	**17,292**	**86,960**	**162,324**
Total comprehensive income for the year	**–**	**2,262**	**11,058**	**13,320**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	**42,945**	**–**	**–**	**42,945**
Dividends paid	**–**	**–**	**(11,562)**	**(11,562)**
	42,945	**–**	**(11,562)**	**31,383**
Balance as at 30 April 2010	**101,017**	**19,554**	**86,456**	**207,027**

	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's
Balance as at 1 May 2008	54,194	19,280	25,052	98,526
Total comprehensive income for the year	–	(1,988)	61,908	59,920
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,878	–	–	3,878
Dividends paid	–	–	–	–
	3,878	–	–	3,878
Balance as at 30 April 2009	58,072	17,292	86,960	162,324

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

Cash Flow Statements

For the year ended 30 April 2010

	Note	Ricegrowers Limited		Consolidated	
		2010	2009	**2010**	2009
		$000's	$000's	**$000's**	$000's
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**638,884**	650,744	**849,854**	859,523
Payments to suppliers (inclusive of goods and services tax)		**(465,599)**	(580,146)	**(645,030)**	(758,119)
Payments of wages, salaries and on-costs		**(41,449)**	(44,237)	**(68,569)**	(64,120)
Dividends received		**3**	441	**3**	33
Interest received		**2,641**	2,650	**489**	1,361
Other revenue		**337**	890	**1,616**	1,472
Interest paid		**(13,216)**	(14,414)	**(19,703)**	(20,476)
Income taxes paid		**(34,256)**	(5,441)	**(35,332)**	(6,549)
		87,345	10,487	**83,328**	13,125
Payments to growers		**(40,468)**	(24,952)	**(40,468)**	(24,952)
Net cash inflow/(outflow) from operating activities	**32**	**46,877**	(14,465)	**42,860**	(11,827)
Cash flows from investing activities					
Payments for property, plant and equipment		**(3,459)**	(2,535)	**(8,932)**	(8,146)
Proceeds from sale of property, plant and equipment		**3,403**	248	**139**	488
Payments for intangibles		**–**	(22)	**(37)**	(111)
Loans to related parties		**–**	(12,433)	**–**	–
Payment for purchase of subsidiary net of cash acquired		**–**	–	**–**	(12,433)
Proceeds from sale of investments		**–**	4,157	**–**	4,157
Net cash outflow from investing activities		**(56)**	(10,585)	**(8,830)**	(16,045)
Cash flows from financing activities					
Proceeds from borrowings		**270,999**	179,600	**297,080**	191,033
Repayment of borrowings		**(315,199)**	(129,600)	**(325,996)**	(130,818)
Loans to related parties		**(30,812)**	–	**–**	–
Repayment of loans by related parties		**4,000**	–	**–**	–
Proceeds from issue of shares		**36,474**	593	**36,474**	593
Repayment of rice bonds		**(9,856)**	(8,097)	**(9,856)**	(8,097)
Repayment of finance leases		**(369)**	(165)	**(417)**	(189)
RMB equity redemptions		**–**	–	**(40,334)**	(10,278)
Dividends paid to company's shareholders		**(7,391)**	(5,558)	**(7,391)**	(5,558)
Net cash (outflow)/inflow from financing activities		**(52,154)**	36,773	**(50,440)**	36,686
Net (decrease)/increase in cash and cash equivalents		**(5,333)**	11,723	**(16,410)**	8,814
Cash and cash equivalents at the beginning of the financial year		**13,457**	1,734	**22,877**	12,739
Effect of exchange rate changes on cash and cash equivalents		**–**	–	**(1,226)**	1,324
Cash and cash equivalents at end of year	**8**	**8,124**	13,457	**5,241**	22,877

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

The financial report of Ricegrowers Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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 2010 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.

Non-controlling 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.

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation

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

Transactions denominated in a foreign currency are converted at the exchange rate achieved over the reporting period. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the period. 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.

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 or expense.

1 Summary of significant accounting policies (continued)

(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. Inventory purchased in a foreign currency is translated at the underlying hedge rate achieved over the reporting period. Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products recovery on the basis of normal operating capacity.

(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 flows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units).

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

(i) Intangible assets
Goodwill represents the excess of the 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.

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

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

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

(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.

(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.

Notes to the Financial Statements continued

1 Summary of significant accounting policies (continued)

(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. 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 non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1 (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

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

Change in accounting policy

The group has adopted AASB 8 *Operating Segments* from 1 May 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. The segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. There has been no impact on the measurement of the company's assets and liabilities. Comparatives for 2009 have been restated.

1 Summary of significant accounting policies (continued)

(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.

(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. In accordance with AASB 2008-5, dividends are recognised once the company's obligation arises.

(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 for the purchase of raw materials do not qualify for hedge accounting. Changes in fair value of any such 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.

2 Financial risk management

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

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

Notes to the Financial Statements continued

2 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures mainly to the US dollar (USD), Hong Kong Dollar (HKD) and Euro (EUR).

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. Translation related risks are not included in the assessment of the group's exposure to foreign currency risk.

Forward contracts are used to manage foreign exchange risk. 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 its US dollar foreign currency denominated exposure arising from forecast sales and purchases for the subsequent 12 months at various levels depending on the period to anticipated sales and purchases.

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

Consolidated – 30 April 2010	**2010 USD 000's**	**2010 HKD 000's**	**2010 EUR 000's**	2009 USD 000's	2009 HKD 000's	2009 EUR 000's
Cash	**951**	**1**	**–**	1,548	4	–
Trade receivables	**116,977**	**(622)**	**333**	102,632	5,230	500
Trade payables	**(98,396)**	**–**	**(189)**	(51,916)	(147)	–
Forward exchange contracts:						
— selling foreign currency	**(147,000)**	**–**	**–**	(82,600)	–	–
— buying foreign currency	**36,819**	**–**	**1,246**	48,006	–	70
Net exposure – selling currency/(buying currency)	**(90,649)**	**(621)**	**1,390**	17,670	5,087	570

Ricegrowers Limited	**2010 USD 000's**	**2010 HKD 000's**	**2010 EUR 000's**	2009 USD 000's	2009 HKD 000's	2009 EUR 000's
Cash	**538**	**1**	**–**	1,341	4	–
Trade receivables	**116,302**	**(622)**	**333**	102,726	5,230	500
Trade payables	**(30,863)**	**–**	**(189)**	(16,641)	(147)	–
Forward exchange contracts:						
— selling foreign currency	**(147,000)**	**–**	**–**	(82,600)	–	–
— buying foreign currency	**–**	**–**	**955**	–	–	70
Net exposure – selling currency/(buying currency)	**(61,023)**	**(621)**	**1,099**	4,826	5,087	570

2 Financial risk management (continued)

(i) Foreign exchange risk (continued)
Group sensitivity analysis At 30 April 2010, had the US dollar moved by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $3,536,000 higher/lower (2009 – a change of 10 cents: $602,000 higher/lower) and other equity would have been $4,690,000 higher/lower (2009: $1,458,000) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

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

Ricegrowers Limited sensitivity analysis
At 30 April 2010, had the US dollar moved by 10 cents to the Australian dollar with all other variables held constant, the Group's post tax profit for the year would have been $93,000 higher/lower (2009 – a change of 10 cents – $563,000 higher/lower) and other equity would have been $5,445,000 higher/lower (2009: nil) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

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 2010	**Ricegrowers Limited**		**Consolidated**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$000's**	**%**	**$000's**
Bank loans and bank overdrafts	**7.0**	**164,500**	**5.9**	**271,158**
Interest rate swap (notional principal amount)	**7.3**	**(28,000)**	**6.4**	**(46,000)**
Net exposure to cash flow interest rate risk		**136,500**		**225,158**

30 April 2009	Ricegrowers Limited		Consolidated	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$000's	%	$000's
Bank loans and bank overdrafts	4.2	208,700	4.4	305,000
Interest rate swap (notional principal amount)	7.3	(32,000)	7.0	(46,000)
Net exposure to cash flow interest rate risk		176,700		259,000

An analysis by maturities is provided in (c) over the page.

Notes to the Financial Statements continued

2 Financial risk management (continued)

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

Group sensitivity analysis

At 30 April 2010, 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 $394,000 lower/higher (2009: $453,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

Ricegrowers Limited sensitivity analysis

At 30 April 2010, 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 $239,000 lower/higher (2009: $309,000 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.

(b) Credit risk

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

(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**	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Floating rate:				
Bank overdraft – expiring within one year	**3,845**	5,000	**7,457**	10,701
Bank loans – expiring within one year	**128,155**	15,000	**156,550**	15,026
Bank loans – expiring beyond one year	**26,200**	–	**26,200**	6,339
	158,200	20,000	**190,207**	32,066

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

2 Financial risk management (continued)

(c) Liquidity risk (continued)

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 2010	**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	**119,659**	**23,666**	**13,167**	**7,310**	**163,802**	**163,802**
Variable rate	**173,293**	**36,733**	**57,738**	**1,969**	**269,733**	**265,910**
Fixed rate	**13,490**	**1,141**	**1,196**	**–**	**15,827**	**14,369**
Total non-derivatives	**306,442**	**61,540**	**72,101**	**9,279**	**449,362**	**444,081**
Derivatives						
Interest rate swaps – net settled	**91**	**371**	**38**	**–**	**500**	**500**
Foreign currency contracts – gross settled						
(inflow)	**(184,578)**	**–**	**–**	**–**	**(184,578)**	**(3,409)**
outflow	**181,444**	**–**	**–**	**–**	**181,444**	**275**
Total derivatives	**(3,043)**	**371**	**38**	**–**	**(2,634)**	**(2,634)**

Consolidated – 30 April 2009	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	123,859	13,771	42,714	12,919	193,263	193,263
Variable rate	160,902	102,623	31,433	2,615	297,573	295,343
Fixed rate	15,776	13,850	2,192	–	31,818	29,287
Total non-derivatives	300,537	130,244	76,339	15,534	522,654	517,893
Derivatives						
Interest rate swaps – net settled	481	629	1,052	–	2,162	2,162
Foreign currency contracts – gross settled						
(inflow)	(145,717)	–	–	–	(145,717)	(386)
outflow	146,078	–	–	–	146,078	747
Total derivatives	842	629	1,052	–	2,523	2,523

Notes to the Financial Statements continued

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities (continued)

Ricegrowers Limited – 30 April 2010	**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	**130,289**	**11,807**	**–**	**–**	**142,096**	**142,096**
Variable rate	**111,266**	**688**	**57,534**	**–**	**169,488**	**166,618**
Fixed rate	**7,342**	**–**	**–**	**–**	**7,342**	**6,862**
Total non-derivatives	**248,897**	**12,495**	**57,534**	**–**	**318,926**	**315,576**
Derivatives						
Interest rate swaps – net settled	**91**	**370**	**38**	**–**	**499**	**499**
Foreign currency contracts – gross settled						
(inflow)	**(163,585)**	**–**	**–**	**–**	**(163,585)**	**(1,877)**
outflow	**161,708**	**–**	**–**	**–**	**161,708**	**–**
Total derivatives	**(1,786)**	**370**	**38**	**–**	**(1,378)**	**(1,378)**

Ricegrowers Limited – 30 April 2009	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	107,867	4,603	–	–	112,470	112,470
Variable rate	149,443	60,900	12	–	210,355	209,076
Fixed rate	11,916	7,887	–	–	19,803	19,017
Total non-derivatives	269,226	73,390	12	–	342,628	340,563
Derivatives						
Interest rate swaps – net settled	247	629	1,052	–	1,928	1,928
Foreign currency contracts – gross settled						
(inflow)	(113,486)	–	–	–	(113,486)	(64)
outflow	113,422	–	–	–	113,422	–
Total derivatives	183	629	1,052	–	1,864	1,864

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 2009 to 2010 has been valued at the actual grower return. Raw materials in the form of paddy carried over from 2008 to 2009 has been valued at the actual grower return.

4 Revenue

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Sales revenue				
Sale of goods	**618,726**	720,269	**813,676**	894,909
Services	**–**	–	**1,418**	1,311
	618,726	720,269	**815,094**	896,220
Other revenue				
Interest received	**3,423**	3,101	**489**	1,361
Dividends received	**344**	33	**3**	74
Other sundry items	**879**	2,682	**1,630**	3,994
Grain storage fee income	**246**	326	**246**	326
Commodity contracts	**–**	75	**–**	75
Subsidiary performance fee income	**8,731**	–	**–**	–
	13,623	6,217	**2,368**	5,830
	632,349	726,486	**817,462**	902,050

5 Other income

Net gain on debt forgiveness	**–**	–	**640**	–
Net gain on disposal of investment in associate	**–**	1,285	**–**	–
Net gain on disposal of available-for-sale financial assets	**–**	54	**–**	54
Foreign exchange gains	**97**	844	**1,843**	1,682
	97	2,183	**2,483**	1,736

Notes to the Financial Statements continued

6 Expenses

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Profit before income tax includes the following specific expenses:				
Contributions to employee superannuation plans	**1,129**	1,251	**2,039**	2,098
Depreciation and amortisation				
Buildings	**874**	1,034	**7,552**	7,582
Plant and equipment	**7,742**	9,820	**12,554**	13,928
Leasehold improvements	**60**	51	**549**	499
Patents/brands and software	**570**	426	**928**	686
Total depreciation and amortisation expense	**9,246**	11,331	**21,583**	22,695
Other expenses				
Freight and distribution costs	**27,544**	31,884	**50,933**	52,208
AGS storage asset charge	**12,540**	12,396	**–**	–
Energy	**4,877**	4,983	**7,523**	6,362
Contracted services	**8,745**	8,884	**10,676**	10,055
Operating lease expenditure	**2,867**	3,280	**7,714**	7,097
Research and development	**851**	583	**253**	114
Advertising and artwork	**4,938**	5,075	**8,540**	8,749
Fair value adjustment to investment properties	**650**	1,000	**650**	1,000
Redundancy expenses	**203**	1,716	**203**	1,716
Net loss on disposal of property, plant and equipment	**15**	397	**10**	305
Net loss on sale of intangibles	**13**	–	**13**	–
Net loss on sale of investments	**–**	–	**–**	552
Other	**21,468**	20,732	**37,212**	33,879
Total other expenses	**84,711**	90,930	**123,727**	122,037

7 Income tax expense

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
(a) Income tax expense				
Current tax expense	**(8,522)**	(26,516)	**(9,810)**	(31,628)
Deferred tax benefit	**3,687**	340	**6,282**	2,187
Adjustments for current tax of prior periods	**30**	22	**(238)**	(9)
Income tax expense attributable to profit from continuing operations	**(4,805)**	(26,154)	**(3,766)**	(29,450)
Deferred income benefit/(expense) included in income tax expense comprises:				
Increase/(decrease) in deferred tax assets (note 18)	**2,972**	577	**4,906**	2,414
(Increase)/decrease in deferred tax liabilities (note 22)	**715**	(237)	**1,376**	(227)
	3,687	340	**6,282**	2,187
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before related income tax	**15,863**	88,062	**15,515**	106,274
Income tax expense calculated at the Australian rate of tax of 30% (2009: 30%)	**(4,759)**	(26,418)	**(4,655)**	(31,882)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:				
Entertainment	**(20)**	(20)	**(30)**	(20)
Income from controlled foreign companies	**(60)**	(73)	**(60)**	(73)
Research & development	**64**	114	**98**	119
Sundry items	**(1)**	278	**(96)**	416
	(17)	299	**(88)**	442
Difference in overseas tax rates	**–**	–	**672**	(284)
Adjustments for prior periods	**(29)**	(35)	**305**	2,274
Income tax expense	**(4,805)**	(26,154)	**(3,766)**	(29,450)
(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)	**971**	776	**1,034**	1,347

Notes to the Financial Statements continued

7 Income tax expense (continued)

(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.

8 Cash and cash equivalents

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Cash at bank and on hand	**8,124**	13,457	**9,066**	26,522
	8,124	13,457	**9,066**	26,522

(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:

	Ricegrowers Limited 2010	Ricegrowers Limited 2009	Consolidated 2010	Consolidated 2009
Cash and cash equivalents	**8,124**	13,457	**9,066**	26,522
Less: Bank overdraft (note 20)	**–**	–	**(3,825)**	(3,645)
Balances per statement of cash flows	**8,124**	13,457	**5,241**	22,877

(b) Risk exposure

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

9 Receivables

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Current				
Trade receivables	**35,944**	50,603	**78,380**	92,362
Provision for impairment of receivables (note a)	**(32)**	(137)	**(64)**	(255)
	35,912	50,466	**78,316**	92,107
Other receivables	**1,114**	791	**3,178**	3,147
Owing by subsidiaries	**125,782**	124,668	**–**	–
GST receivable	**1,896**	1,163	**1,929**	1,169
Prepayments	**6,757**	416	**34,941**	20,365
	171,461	177,504	**118,364**	116,788
Non-current				
Loan receivable	**1,237**	1,611	**1,237**	1,611
Owing by subsidiaries	**42,603**	20,574	**–**	–
	43,840	22,185	**1,237**	1,611

(a) Impaired trade receivables
Nominal value of impaired trade receivables is as follows:

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
1 to 3 months	**–**	85	**–**	175
3 to 6 months	**13**	67	**45**	94
Over 6 months	**68**	114	**68**	114
	81	266	**113**	383

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

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

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
At 1 May	**137**	111	**255**	188
Provision for impairment recognised during the year	**41**	99	**(28)**	120
Receivables written off during the year as uncollectible	**(146)**	(73)	**(146)**	(73)
Foreign currency difference on translation	**–**	–	**(17)**	20
At 30 April	**32**	137	**64**	255

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

Notes to the Financial Statements continued

9 Receivables (continued)

(b) Past due but not impaired

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

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Up to 3 months	**4,687**	2,514	**10,508**	7,922
3 to 6 months	**17**	302	**333**	1,054
	4,704	2,816	**10,841**	8,976

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) Risk exposure

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

10 Inventories

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Raw materials at net realisable value	**93,490**	45,480	**145,454**	92,078
Finished goods at net realisable value	**118,234**	155,589	**171,979**	233,255
Packaging materials at net realisable value	**4,357**	4,775	**10,708**	11,932
Engineering and consumable stores at net realisable value	**4,065**	3,738	**5,512**	4,980
	220,146	209,582	**333,653**	342,245

11 Other financial assets

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Shares in subsidiaries	**4,173**	4,173	**–**	–
Other unlisted securities	**30**	30	**105**	127
	4,203	4,203	**105**	127

12 Available-for-sale financial assets

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
At beginning of year	**–**	321	**4**	332
Revaluation	**–**	(88)	**(1)**	(95)
Disposal	**–**	(233)	**–**	(233)
At end of year	**–**	–	**3**	4
Listed securities	**–**	–	**3**	4

Fair value is the market value of these securities taken at the bid price at close of business on 30 April 2010.

13 Derivative financial instruments

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Current assets				
Forward foreign exchange contracts (cash flow hedges)	**1,877**	64	**3,409**	386
	1,877	64	**3,409**	386
Current liabilities				
Interest rate swaps (cash flow hedges)	**499**	1,928	**500**	2,162
Forward foreign exchange contracts (cash flow hedges)	**–**	–	**275**	747
	499	1,928	**775**	2,909

(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 consolidated 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

Swaps currently in place cover 34% (2009: 28%) of the core debt and AGS bank loans. The fixed interest rates range between 5.03% – 7.895% (2009: 6.25%-7.95%) and the variable rates are between 4.77% and 7.95% (2009: 3.60% and 8.25%).

Notes to the Financial Statements continued

13 Derivative financial instruments (continued)

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

Ricegrowers Limited

Swaps currently in place cover 50% (2009: 40%) of the core debt bank loans. The fixed interest rates range between 5.43% – 7.895% (2009: 6.275%-7.895%) and the variable rates are between 4.15% and 4.52% (2009: 3.82% and 4.93%) for the 90 day bank bill term, which at balance date was 4.68% (2009: 3.13%).

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.

(b) Risk exposure

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

14 Investments accounted for using the equity method

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Shares in associates	**–**	–	**1,106**	1,068

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
		2010	2009	**$000's**
Pagini Transport (incorporated in Papua New Guinea)	Transport	**31.56%**	31.56%	**1,106**

14 Investments accounted for using the equity method (continued)

	Consolidated 2010 $000's	Consolidated 2009 $000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**1,068**	5,712
Share of profit after related income tax	**(11)**	(104)
Sale of investment	**–**	(5,425)
Foreign currency difference	**(276)**	199
Other adjustments	**325**	686
Carrying amount at the end of the financial year	**1,106**	1,068

	Consolidated 2010 $000's	Consolidated 2009 $000's
(b) Share of associates' profits/(losses)		
(Loss) before related income tax	**(16)**	(149)
Income tax benefit	**5**	45
(Loss)/profits after related income tax	**(11)**	(104)

(c) Summarised financial information of associates

	Assets $000's	Liabilities $000's	Revenues $000's	Profits $000's
2010				
Pagini Transport	**9,105**	**5,599**	**1,837**	**(35)**
2009				
Pagini Transport	10,983	7,598	3,534	(328)

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

Notes to the Financial Statements continued

15 Property, plant and equipment

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Freehold land				
At cost	**3,757**	4,081	**11,275**	12,405
Less impairment	**–**	(39)	**–**	(39)
	3,757	4,042	**11,275**	12,366
Buildings				
At cost	**46,420**	52,975	**181,772**	186,888
Less impairment	**–**	(1,247)	**–**	(1,247)
Less accumulated depreciation	**(19,418)**	(23,695)	**(46,838)**	(42,477)
	27,002	28,033	**134,934**	143,164
Leasehold improvements				
At cost	**863**	1,623	**9,601**	11,288
Less accumulated depreciation	**(344)**	(929)	**(2,392)**	(1,826)
	519	694	**7,209**	9,462
Plant and equipment				
At cost	**119,273**	156,402	**181,293**	211,298
Less impairment	**–**	(7,373)	**–**	(7,373)
Less accumulated depreciation	**(85,319)**	(107,688)	**(116,089)**	(129,021)
Under finance lease	**2,055**	673	**2,261**	937
Less accumulated depreciation	**(715)**	(364)	**(777)**	(391)
	35,294	41,650	**66,688**	75,450
Capital works in progress				
At cost	**1,294**	696	**1,553**	2,739
	67,866	75,115	**221,659**	243,181

15 Property, plant and equipment (continued)

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.

Consolidated	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2009	155,530	9,462	75,450	2,739	243,181
Additions	18	24	1,763	7,127	8,932
Recognition of finance lease	–	–	1,386	–	1,386
Capital works in progress reclassifications	1,582	30	6,370	(7,982)	–
Transfers/disposals/scrapping	(25)	–	(101)	(23)	(149)
Depreciation expense	(7,552)	(549)	(12,554)	–	(20,655)
Foreign currency differences	(3,344)	(1,758)	(5,626)	(308)	(11,036)
Carrying amount at 30 April 2010	146,209	7,209	66,688	1,553	221,659

Ricegrowers Limited	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2009	32,075	694	41,650	696	75,115
Additions	–	–	–	3,459	3,459
Recognition of finance lease	–	–	1,386	–	1,386
Capital works in progress reclassifications	495	–	2,366	(2,861)	–
Transfers/disposals/scrapping	(937)	(115)	(2,366)	–	(3,418)
Depreciation expense	(874)	(60)	(7,742)	–	(8,676)
Carrying amount at 30 April 2010	30,759	519	35,294	1,294	67,866

Fixed assets at Coleambally Mill and Deniliquin Mill #2 are not expected to be used in the foreseeable future. As a result, the Coleambally Mill assets were impaired by $6.3m and the Deniliquin Mill #2 assets were impaired by $1.7m in the prior period. Certain assets at the Specialty plant were also impaired by $0.7m in the prior period. Recoverable amount for these assets was assessed as fair value less costs to sell.

Notes to the Financial Statements continued

15 Property, plant and equipment (continued)

Reconciliations (continued)

Consolidated	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2008	152,789	7,663	80,743	919	242,114
Additions through acquisition of entity	8,727	–	6,575	–	15,302
Additions	5	430	1,502	6,209	8,146
Recognition of finance lease	–	–	277	–	277
Capital works in progress reclassifications	595	417	3,598	(4,610)	–
Transfers/disposals/scrapping	(6)	(89)	(698)	–	(793)
Depreciation expense	(7,582)	(499)	(13,928)	–	(22,009)
Impairment loss	(1,286)	–	(7,372)	–	(8,658)
Foreign currency differences	2,288	1,540	4,753	221	8,802
Carrying amount at 30 April 2009	155,530	9,462	75,450	2,739	243,181

Ricegrowers Limited	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2008	33,908	462	57,779	592	92,741
Additions	–	–	–	2,535	2,535
Recognition of finance lease	–	–	47	–	47
Capital works in progress reclassifications	493	317	1,621	(2,431)	–
Transfers/disposals/scrapping	(6)	(34)	(605)	–	(645)
Impairment loss	(1,286)	–	(7,372)	–	(8,658)
Depreciation expense	(1,034)	(51)	(9,820)	–	(10,905)
Carrying amount at 30 April 2009	32,075	694	41,650	696	75,115

Purchase of Rice Storage Assets

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

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

Assets pledged as security

There are fixed and floating charges over all fixed assets.

16 Intangibles

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Goodwill	**185**	185	**2,820**	2,826
Patents and brands	**3,379**	3,379	**8,633**	9,595
Less accumulated amortisation	**(1,154)**	(983)	**(2,426)**	(2,000)
	2,225	2,396	**6,207**	7,595
Software	**2,737**	2,130	**3,206**	2,562
Less accumulated amortisation	**(2,168)**	(2,075)	**(2,292)**	(2,149)
	569	55	**914**	413
Other	**1,000**	1,000	**1,000**	1,000
Less accumulated amortisation	**(767)**	(567)	**(767)**	(567)
	233	433	**233**	433
	3,212	3,069	**10,174**	11,267

Consolidated	**Goodwill**	**Brands**	**Software**	**Other**	**Total**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Carrying amount at 1 May 2009	2,826	7,595	413	433	11,267
Additions	–	–	37	–	37
Recognition of finance lease	–	–	726	–	726
Disposals	–	–	(13)	–	(13)
Amortisation charge	–	(479)	(249)	(200)	(928)
Foreign exchange difference on translation	(6)	(909)	–	–	(915)
Carrying amount at 30 April 2010	2,820	6,207	914	233	10,174

Ricegrowers Limited	**Goodwill**	**Brands**	**Software**	**Other**	**Total**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**
Carrying amount at 1 May 2009	185	2,396	55	433	3,069
Recognition of finance lease	–	–	726	–	726
Disposals	–	–	(13)	–	(13)
Amortisation charge	–	(171)	(199)	(200)	(570)
Carrying amount at 30 April 2010	185	2,225	569	233	3,212

Notes to the Financial Statements continued

16 Intangibles (continued)

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

	2010	2009
	$000's	$000's
Rice Milling and Marketing	30	36
Riviana Foods	2,605	2,605
Coprice	185	185
	2,820	2,826

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 2010 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

	Growth Rate		Discount Rate	
CGU	2010	2009	2010	2009
	%	%	%	%
Rice Milling and Marketing	1.0	1.0	10.0	10.0
Riviana Foods	1.0	1.0	10.0	10.0
Coprice	1.0	1.0	10.0	10.0

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

17 Investment properties

	Ricegrowers Limited		Consolidated	
	2010	2009	2010	2009
	$000's	$000's	$000's	$000's
At fair value				
Opening balance at 1 May	4,108	5,108	4,108	5,108
Net loss from fair value adjustment	(650)	(1,000)	(650)	(1,000)
Closing balance at 30 April	3,458	4,108	3,458	4,108

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 2010 by a certified practising valuer. The Yenda site is in the process of being sold subject to the terms of the purchase agreement.

18 Deferred tax assets

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
The balance comprises temporary differences attributable to:				
Provisions	**3,040**	2,991	**4,030**	3,872
Accruals	**891**	842	**1,057**	1,066
Depreciation	**3,751**	3,258	**4,057**	3,487
Foreign exchange	**2,338**	–	**3,045**	–
Inventories	**–**	–	**3,645**	3,743
Other	**63**	20	**1,596**	20
	10,083	7,111	**17,430**	12,188
Cash flow hedges	**149**	586	**233**	1,069
Total deferred tax assets	**10,232**	7,697	**17,663**	13,257
Movements				
Opening balance at 1 May	**7,697**	6,534	**13,257**	9,774
Credited/(charged) to income statement	**2,972**	577	**4,906**	2,414
(Charged)/credited to equity	**(437)**	586	**(500)**	1,069
Closing balance at 30 April	**10,232**	7,697	**17,663**	13,257

19 Payables

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Current				
Trade and other payables	**39,230**	39,559	**65,676**	77,376
Owing to subsidiaries	**38,717**	25,253	**–**	–
Dividends	**–**	1	**–**	1
Amounts payable to Australian ricegrowers	**49,774**	16,097	**49,774**	16,097
	127,721	80,910	**115,450**	93,474
Non-current				
Trade and other payables	**–**	–	**32,336**	64,801
Amounts payable to Australian ricegrowers	**11,807**	4,603	**11,807**	4,603
	11,807	4,603	**44,143**	69,404

(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 continued

20 Borrowings

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Current				
Secured				
Bank overdrafts	**–**	–	**3,825**	3,645
Bank loans	**108,000**	148,000	**169,825**	158,341
Lease liability (note 28)	**650**	174	**692**	231
Unsecured				
Rice bonds (note 27)	**6,862**	11,221	**6,862**	11,221
	115,512	159,395	**181,204**	173,438
Non current				
Secured				
Bank loans	**56,500**	60,700	**97,508**	143,014
Lease liability (note 28)	**1,468**	202	**1,567**	382
Unsecured				
Rice bonds (note 27)	**–**	7,796	**–**	7,796
	57,968	68,698	**99,075**	151,192

(a) Significant terms and conditions of bank facilities

On 9 December 2009, Ricegrowers Limited entered into a syndicated banking facility totalling $322.7m. Core debt facility is $82.7m for 3 years (maturity date 9 December 2012) and seasonal debt facility is $240m for 1 year (maturity date 9 December 2010).

The bank loans, including overdrafts and the facilities of the company, are secured by registered mortgages over all 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. In addition, debt covenants apply to the above bank loans.

The SunFoods banking facility is secured by a fixed and floating charge over all SunFoods assets excluding real property. The Trukai banking facilities are secured by registered mortgages over real property and a registered equitable mortgage over all Trukai assets.

(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.

20 Borrowings (continued)

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
The Group's bank loans are categorised as follows:				
Seasonal debt	**108,000**	126,000	**132,787**	136,341
Core debt	**56,500**	82,700	**98,546**	134,514
AGS debt	**–**	–	**36,000**	30,500
	164,500	208,700	**267,333**	301,355
Representing:				
Current bank loans	**108,000**	148,000	**169,825**	158,341
Non-current bank loans	**56,500**	60,700	**97,508**	143,014
	164,500	208,700	**267,333**	301,355

Seasonal debt

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

Core debt

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

AGS debt

The AGS debt represents loans to Australian Grain Storage Pty Ltd to pay the Rice Marketing Board annually as part of the acquisition of the RMB storage assets.

21 Provisions

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Current				
Employee benefits (note 29)	**6,912**	7,126	**8,740**	8,536
Employee allowances	**39**	59	**49**	59
Directors' retirement benefits	**822**	826	**822**	826
	7,773	8,011	**9,611**	9,421
Non current				
Employee benefits (note 29)	**1,668**	2,101	**3,037**	3,537
	1,668	2,101	**3,037**	3,537

(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 5.72% based on government guaranteed securities with similar maturity terms.

(b) Fair values

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

Notes to the Financial Statements continued

22 Deferred tax liabilities

	Ricegrowers Limited 2010 $000's	Ricegrowers Limited 2009 $000's	Consolidated 2010 $000's	Consolidated 2009 $000's
The balance comprises temporary differences attributable to:				
Prepayments	**12**	396	**264**	435
Inventories	**1,321**	1,227	**1,458**	1,342
Investment property	**9**	241	**9**	241
Depreciation	**–**	–	**24**	237
Foreign exchange	**–**	193	**–**	1,006
Other	**–**	–	**214**	84
	1,342	2,057	**1,969**	3,345
Cash flow hedges	**534**	–	**534**	–
Net deferred tax liabilities	**1,876**	2,057	**2,503**	3,345
Movements				
Opening balance at 1 May	**2,057**	2,010	**3,345**	3,396
(Credited)/charged to profit and loss	**(715)**	237	**(1,376)**	227
Charged/(credited) to equity	**534**	(190)	**534**	(278)
Closing balance at 30 April	**1,876**	2,057	**2,503**	3,345

23 Contributed equity

	Ricegrowers Limited 2010 $000's	Ricegrowers Limited 2009 $000's	Consolidated 2010 $000's	Consolidated 2009 $000's
(a) Share capital				
Fully paid Ordinary B Class Shares	**101,017**	58,072	**101,017**	58,072

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

Date	Details	Number of shares	Issue price	$000's
1 May 2008	Balance	34,180,889		54,194
15 July 2008	Dividend Reinvestment	996,638	$2.14	2,133
31 July 2008	Share Issue Offer	815,359	$2.14	1,745
1 May 2009	**Balance**	**35,992,886**		**58,072**
16 July 2009	Share Issue Offer (i)	14,844,323	$2.53	37,605
16 July 2009	Share Issue Offer (ii)	546,101	$2.14	1,169
30 July 2009	Dividend Reinvestment (iii)	1,949,031	$2.14	4,171
30 April 2010	**Balance**	**53,332,341**		**101,017**

23 Contributed equity (continued)

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

(i) Share Issue Offer
On 1 June 2009, Ricegrowers Limited issued a prospectus for the issue of B class shares to existing shareholders and RMB Equity holders. As at 16 July 2009 this resulted in 14,844,323 fully paid shares being issued at an average price of $2.53 (range $2.14 to $3.715). 1,074,309 shares ($2,299,021) were paid for by the conversion of rice bonds, 10,523,427 ($28,358,252) were paid for from the conversion of RMB Equity and 3,246,587 shares ($6,947,696) were paid in cash.

(ii) Share issue offer
On 1 June 2009, Ricegrowers Limited issued a prospectus for the issue of B class shares to employees. As at 16 July 2009 the issue resulted in 546,101 fully paid shares being issued. All shares ($1,168,656) were paid in cash.

(iii) 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.

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

At 30 April 2010, 790 (2009: 1,044) 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.

24 Reserves and retained profits

	Ricegrowers Limited		**Consolidated**	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Reserves				
General reserve	**18,657**	18,657	**28,453**	28,450
Asset revaluation reserve	**–**	–	**4,917**	4,917
Foreign currency translation reserve	**–**	–	**(16,254)**	(9,966)
Hedging reserve – cash flow hedges	**897**	(1,365)	**704**	(2,298)
Available-for-sale financial assets revaluation reserve	**–**	–	**–**	–
	19,554	17,292	**17,820**	21,103

Notes to the Financial Statements continued

24 Reserves and retained profits (continued)

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
(a) Movements				
Foreign currency translation reserve				
Balance 1 May	**–**	–	**(9,966)**	(13,960)
Net exchange difference on translation of overseas controlled entities	**–**	–	**(6,288)**	3,994
Balance 30 April	**–**	–	**(16,254)**	(9,966)
Hedging reserve – cash flow hedges				
Balance 1 May	**(1,365)**	349	**(2,298)**	383
Revaluation and transfer to profit and loss – gross	**3,233**	(2,449)	**4,364**	(3,870)
Deferred tax	**(971)**	735	**(1,347)**	1,189
Foreign exchange difference	**–**	–	**(15)**	–
Balance 30 April	**897**	(1,365)	**704**	(2,298)
Available-for-sale financial assets revaluation reserve				
Balance 1 May	**–**	274	**–**	278
Revaluation – gross	**–**	(88)	**–**	(94)
Deferred tax	**–**	26	**–**	28
Transfer to net profit – gross	**–**	(384)	**–**	(384)
Deferred tax	**–**	172	**–**	172
Balance 30 April	**–**	–	**–**	–
Retained profits				
Balance 1 May	**86,960**	25,052	**129,073**	53,262
Net profit for the year	**11,058**	61,908	**12,171**	75,811
Dividends provided for or paid	**(11,562)**	–	**(11,562)**	–
Balance 30 April	**86,456**	86,960	**129,682**	129,073

(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.

24 Reserves and retained profits (continued)

(b) Nature and purpose of reserves (continued)

(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.

25 Franked dividends

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Dividend declared during the year ended 30 April 2010 of 22.5 cents (2009: nil cents) per fully paid share	**11,562**	–	**11,562**	–

The dividend of $11,562,000 relates to a dividend declared and paid in respect of the 2009 financial year.

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 2010 are:

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Letters of credit	**7,088**	27,991	**7,088**	27,991
Guarantee of bank advances	**933**	953	**1,754**	1,754
	8,021	28,944	**8,842**	29,745

Notes to the Financial Statements continued

27 Rice bonds

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Due for repayment:				
Within one year	**6,862**	11,221	**6,862**	11,221
Within one to two years	**–**	7,796	**–**	7,796
	6,862	19,017	**6,862**	19,017
Representing:				
Current (note 20)	**6,862**	11,221	**6,862**	11,221
Non current (note 20)	**–**	7,796	**–**	7,796
	6,862	19,017	**6,862**	19,017

Effective July 1997, Ricegrowers Limited has issued Rice Bonds as an alternative funding mechanism. The Rice Bonds are subordinated to bank loans and amount to $6,862,000 (2009: $19,017,000). The bonds have repayment terms between 3 and 7 years. Interest is payable annually in arrears at an average rate of 7.0% (2009: 7.6%). The outstanding balance of $6,862,000 represents the final tranche of rice bonds.

28 Commitments for expenditure

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

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	**311**	443	**1,849**	2,606

(b) Lease commitments

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	**2,117**	1,861	**8,283**	9,102
Later than one year but not later than five years	**4,003**	3,444	**16,795**	18,177
Later than five years	**–**	155	**5,076**	7,354
	6,120	5,460	**30,154**	34,633
Representing:				
Cancellable operating leases	**6,120**	5,460	**30,154**	34,633

28 Commitments for expenditure (continued)

(b) Lease commitments (continued)

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Commitments in relation to finance leases are payable as follows:				
Within one year	**863**	188	**913**	261
Later than one year but not later than five years	**1,722**	210	**1,832**	414
Minimum lease payments	**2,585**	398	**2,745**	675
less: future finance charges	**(467)**	(22)	**(486)**	(62)
Recognised as a liability	**2,118**	376	**2,259**	613
Representing lease liabilities:				
Current (note 20)	**650**	174	**692**	231
Non current (note 20)	**1,468**	202	**1,567**	382
	2,118	376	**2,259**	613

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

29 Employee benefits

(a) Employee benefits and related on cost liabilities

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Provision for employee benefits (note 21)				
Current	**6,912**	7,126	**8,740**	8,536
Non-current	**1,668**	2,101	**3,037**	3,537
Aggregate employee entitlement benefits	**8,580**	9,227	**11,777**	12,073
Employee numbers		**Number**		**Number**
Average number of employees during the year	**437**	492	**1,679**	1,657

(b) Superannuation plan/commitments

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

The defined benefit superannuation plan operated by Riviana Foods Pty Ltd (Riviana Foods Superannuation Plan) has been closed out during the year ended 30 April 2010.

Notes to the Financial Statements continued

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	Country of Incorporation	Principal activities	Direct/indirect interest in ordinary shares/equity	
			2010	2009
			%	%
SunRice Trading Pty Ltd	Australia	Distribution of rice	**100**	100
SunFoods LLC	USA	Processing and distribution of rice	**65**	65
Rice Research Australia Pty Ltd	Australia	Research into rice growing	**100**	100
Australian Grain Storage Pty Ltd	Australia	Grain Storage Assets	**100**	100
SunRice Australia Pty Ltd	Australia	Marketing	**100**	100
Silica Resources Pty Ltd	Australia	Investment	**100**	100
Riviana Foods Pty Ltd	Australia	Importation/distribution of food products	**100**	100
Trukai Industries Limited	PNG	Distribution of rice	**66.23**	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	**66.23**	66.23
Rice Industries Limited	PNG	Property	**66.23**	66.23
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	**100**	100
SunArise Insurance Company Ltd	Bermuda	Insurance	**100**	100
Aqaba Processing Company Ltd	Jordan	Rice packing/storage	**80**	80
Sunshine Rice, Inc	USA	Marketing	**100**	100

Non-controlling 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.

Outside equity interests hold 35,000 units in SunFoods LLC, being 35% of the operation.

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 16 and 17 of the Directors report.

(d) Transactions with related parties
During the year the company entered into the following transaction types with entities in the group; sale of rice and other rice products, purchase of paddy rice; receipt of performance 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	
	2010	2009
	$000's	$000's
(i) Transaction type and class of other party		
Sale of rice to controlled entities	**217,966**	238,163
Purchase of rice from controlled entities	**110,405**	80,592
Dividends received from controlled entities	**341**	–
Subsidiary performance fee income	**8,731**	–
Interest revenue from controlled entities	**2,958**	1,769
Loans advanced to controlled entities	**30,812**	12,433
Loans repaid to controlled entities	**4,000**	–
(ii) Amounts receivable from and payable to entities in the group		
Aggregate amounts receivable at balance date from:		
— Current – controlled entities	**125,782**	124,668
— Non-current – controlled entities	**42,603**	20,574
	168,385	145,242
Aggregate amounts payable at balance date to:		
— Current – controlled entities	**38,717**	25,253

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 continued

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

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$000's	$000's	**$000's**	$000's
Profit for the year	**11,058**	61,908	**12,171**	75,811
Depreciation and amortisation	**9,246**	11,331	**21,583**	22,695
Loss on sale/disposal of property, plant and equipment	**15**	397	**10**	305
Loss on sale/disposal of intangibles	**13**	–	**13**	–
Fair value revaluation of investment property	**650**	1,000	**650**	1,000
(Gain)/loss on sale of investments	**–**	(1,339)	**–**	498
Impairment of fixed assets	**–**	8,658	**–**	8,658
Share of associates net profit	**–**	–	**(314)**	(582)
Debt forgiveness in relation to the RMB equity conversion	**–**	–	**(640)**	–
Changes in operating assets and liabilities, net of effect of acquisition of subsidiary				
(Increase)/decrease in trade and other receivables	**11,190**	(82,228)	**(2,120)**	(37,271)
(increase)/decrease in inventories	**(10,564)**	(53,492)	**7,216**	(112,794)
Increase in amounts payable to growers	**40,881**	5,143	**40,881**	5,143
Increase/(decrease) in trade and other creditors and employee entitlements	**12,464**	9,618	**(3,687)**	(294)
(Decrease)/increase in provision for income taxes payable	**(24,388)**	25,043	**(26,288)**	27,441
(Increase)/decrease in deferred tax balances	**(3,688)**	(504)	**(6,615)**	(2,437)
Net cash inflows/(outflows) from operating activities	**46,877**	(14,465)	**42,860**	(11,827)

33 Earnings per share

(a) Basic and Diluted earnings per share

	Consolidated	
	2010	2009
	Cents	Cents
Basic and diluted earnings per share	**25**	213

(b) Reconciliation of earnings per share

	Consolidated	
	2010	2009
	$000's	$000's
Profit for the year	**12,171**	75,811

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

	Consolidated	
	2010	2009
	000's	000's
Weighted average number of B Class shares	**49,647**	35,581

34 Subsequent events

On 21 June 2010 the Directors declared a fully franked final dividend of 22.5 cents per share.

35 Segment information

Business segments
The following reportable segments have been identified based on a product/service perspective determined by the Corporate Management Team.

Rice Milling & Marketing (RM&M) – the milling, marketing and distribution of rice.
Riviana Foods (Riviana) – importation and distribution of food products.
Australian Grain Storage (AGS) – receival and storage of paddy rice in Australia
All other segments

The Corporate Management Team evaluates results based on Contributed EBIT which is defined as gross profit after direct sales and marketing costs and excludes group financing expenses, centralised corporate services, one off expenses and other income. Other unallocated expenses refers to impairment losses, redundancy expenses, restructuring costs and unrealised gains/losses on financial instruments. Other revenue refers to management fees, dividends and sale of corporate assets.

Sales between segments are carried out at arms length and are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements. The segment result includes an asset financing charge that is allocated to the appropriate segment. The group's borrowings are not considered to be segment liabilities but rather managed by the Treasury function.

Notes to the Financial Statements continued

35 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2010.

	RM&M	Riviana	AGS	All other segments	Total
	$000's	$000's	$000's	$000's	$000's
Total segment revenue	532,340	140,834	12,540	169,960	855,674
Inter-segment revenue	(25,440)	–	(12,540)	(2,600)	(40,580)
Revenue from external customers	506,900	140,834	–	167,360	815,094
Other revenue					2,368
Total revenue from continuing operations					817,462
Contributed EBIT	36,241	13,545	5,470	20,656	75,912
Intersegment eliminations					(658)
Finance expense (net)					(18,178)
Centralised corporate services					(35,863)
Other unallocated (expenses)/income					(5,698)
Profit before income tax					15,515
Depreciation	9,394	1,326	6,973	3,890	21,583
Acquisitions of property, plant and equipment	4,023	886	291	3,732	8,932
Segment assets	517,694	87,234	113,202	83,280	801,410
Intersegment eliminations					(99,065)
Deferred tax assets					17,663
Total assets					720,008
Segment liabilities	159,420	19,976	69,500	17,394	266,290
Intersegment eliminations					(93,274)
Current tax liability					4,209
Deferred tax liabilities					2,503
Borrowings current					181,204
Borrowings non current					99,075
Total liabilities					460,007

Revenues of approximately $97,343,000 are derived from a single external customer. These revenues are attributable to the Rice Milling and Marketing and Riviana segments. No single external customer met the threshold for disclosure for the 2009 year.

35 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2009.

	RM&M	Riviana	AGS	All other segments	Total
	$000's	$000's	$000's	$000's	$000's
Total segment revenue	606,702	139,907	12,396	201,794	960,799
Inter-segment revenue	(50,117)	–	(12,396)	(2,066)	(64,579)
Revenue from external customers	556,585	139,907	–	199,728	896,220
Other revenue					5,830
Total revenue from continuing operations					902,050
Contributed EBIT	124,560	15,177	5,628	22,953	168,318
Intersegment eliminations					(2,472)
Finance expense (net)					(19,738)
Centralised corporate services					(35,425)
Other unallocated (expenses)/income					(4,409)
Profit before income tax					106,274
Depreciation	10,556	1,273	6,642	4,224	22,695
Acquisitions of property, plant and equipment	5,939	1,271	362	574	8,146
Segment assets	517,080	96,928	114,151	78,330	806,489
Intersegment eliminations					(59,182)
Deferred tax assets					13,257
Total assets					760,564
Segment liabilities	114,715	20,889	78,659	17,415	231,678
Intersegment eliminations					(52,933)
Current tax liability					30,385
Deferred tax liabilities					3,345
Borrowings current					173,438
Borrowings non current					151,192
Total liabilities					537,105

Notes to the Financial Statements continued

35 Segment information (continued)

Other segment information – geographical areas

	Australia $000's	PNG $000's	Other $000's	Total $000's
2010				
Revenues from external customers	**377,002**	**212,112**	**225,980**	**815,094**

	Australia $000's	PNG $000's	Other $000's	Total $000's
2009				
Revenues from external customers	402,518	207,745	285,957	896,220

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

The total of non-current assets other than deferred tax assets located in Australia is $193,560,000 (2009: $205,482,000) and the total of these non-current assets located in other countries is $44,182,000 (2009: $55,884,000). Segment assets are allocated to countries based on where the assets are located.

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:

	Ricegrowers Limited		Consolidated	
	2010	2009	**2010**	2009
	$	$	**$**	$
(a) Assurance services				
Audit services				
Fees paid to PricewaterhouseCoopers Australian firm	**296,000**	295,000	**371,110**	377,810
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**–**	–	**177,970**	176,786
Fees paid to non-PricewaterhouseCoopers audit firm	**–**	–	**16,111**	11,534
Total remuneration for audit services	**296,000**	295,000	**565,191**	566,130
(b) Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm	**58,122**	20,700	**58,122**	20,700
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**–**	–	**–**	76,222
Fees paid to non-PricewaterhouseCoopers audit firm	**–**	–	**8,410**	–
Total remuneration for other assurance services	**58,122**	20,700	**66,532**	96,922
Total remuneration for assurance services	**354,122**	315,700	**631,723**	663,052
(c) Taxation services				
Fees paid to PricewaterhouseCoopers Australian firm	**429,640**	404,835	**429,640**	404,835
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**–**	–	**6,381**	9,099
Fees paid to non-PricewaterhouseCoopers audit firm	**–**	–	**1,197**	–
Total remuneration for taxation services	**429,640**	404,835	**437,218**	413,934

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.

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the members of Ricegrowers Ltd

Report on the financial report

We have audited the accompanying financial report of Ricegrowers Limited (the company), which comprises the income statement, balance sheet as at 30 April 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for 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.

Directors' responsibility for the financial report

The directors of the Ricegrowers Limited 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 controls 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 the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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

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

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.

Independence

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

PRICEWATERHOUSECOOPERS

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

Auditor's opinion

In our opinion:

(a) the financial report of Ricegrowers Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 April 2010 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.

Report on the Remuneration Report

We have audited the remuneration report included in pages 39 to 43 of the directors' report for the year ended 30 April 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2010, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Ricegrowers Limited (the company) for the year ended 30 April 2010 included on Ricegrowers Limited's web site. The company's directors are responsible for the integrity of the Ricegrowers Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. 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 report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

S J Bourke
Partner

Sydney
21 June 2010

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