FORM: Final report

Name of *issuer*

Ricegrowers Limited

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Financial year ended ('Current period')
55 007 481 156		✓	30 April 2012

For announcement to the market

				$A,000
Revenue	up	23.6 %	to	1,000,370
Profit (loss) for the period (after tax)	up	158.9 %	to	33,911
Profit (loss) for the period attributable to members of Ricegrowers Limited	up	150.4 %	to	31,783

Commentary on results for the period

The group's revenue for the year ended April 2012 of $1,000 million was higher by 23.6% compared to the prior year of $809 million.

Profit before income tax was $54.6 million compared to the prior year of $17.5 million.

Consolidated profit attributable to members of Ricegrowers Limited for the year ended April 2012 was $31.8m compared to $12.7m for the prior year. The Directors have declared a fully franked dividend of 18 cents per share, representing 31% of profit after tax, which is in line with the prior year's dividend. The Rice Milling and Marketing Australian Rice business segment generated $16m in contributed profit before tax, equating to $11m after tax. The latter amount is included in the $31.8m above.

As a consequence of improved trading performance, reductions in working capital and other factors, gearing at 30 April was 66% compared to 102% in the prior year.

SunRice had a strong trading year with the recovery of Australian rice production which saw the business receive 800,000 tonnes of paddy rice (205,000 tonnes received in the prior year). The 2011 crop medium grain paddy price was $255 per tonne.

Dividends	Current period	Previous corresponding period
Franking rate applicable:	100%	100%
Final dividend		
Amount per *security*	18.0 cents	18.0 cents
Franked amount per *security*	18.0 cents	18.0 cents

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

N/A

Date the dividend is payable	27 July 2012
Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)	9 July 2012
If it is a final dividend, has it been declared?	Yes

The *dividend or distribution plan*s shown below are in operation.

Ricegrowers Limited Dividend Reinvestment Plan (DRP) has been suspended pending the completion of the recently announced review of the capital structure.

Any other disclosures in relation to *dividends or distributions*

N/A

NTA Backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary *security*	5.12	4.68

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Financial Report

30 April 2012

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This financial report covers the consolidated entity consisting of Ricegrowers Limited and its controlled entities. The financial report is presented in Australian currency.

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

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

A description of the nature of the consolidated entity's operations and its principal activities is included within the annual report and in the directors' report, which is not part of the financial report.

The financial report was authorised for issue by the directors on 18 June 2012.

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2012.

1 *Directors*

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

GF Lawson AM
DM Robertson
G Andreazza (appointed 25 August 2011)
LJ Arthur
R Gordon (executive, appointed 23 February 2012)
NG Graham
G Helou (executive, resigned 14 September 2011)
RA Higgins AO
GL Kirkup
GF Latta AM
N McAllister (retired 25 August 2011)
AD Walsh

2 *Company Secretary*

Mandy Del Gigante

3 *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.

4 *Consolidated entity result*

The net profit of the Group for the period after income tax and after non-controlling interests was $31,783,000 (2011: $12,691,000).

5 *Review of operations*

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

6 *Significant changes in the state of affairs*

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

7 *Events subsequent to the balance sheet date*

On 18 June 2012 the Directors declared a fully franked final dividend of 18.0 cents per share.
The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

8 *Likely developments and expected results of operations*

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

9 *Environmental regulation*

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

Land Development Approvals

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

Manufacturing

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

9 Environmental regulation (continued)

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

The Australian Packaging Covenant Action Plan report for Year 1 of the Five Year Action Plan has been submitted and accepted by the Australian Packaging Covenant.

The focus on reducing volume of packaging waste sent to landfill is being maintained where possible. The management of trade waste water is an ongoing process being undertaken at the Specialty Rice Foods Plant. This water treatment facility is functioning well and outgoing water quality continues to be monitored regularly by Ricegrowers Limited as well as Leeton Shire Council personnel.

Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of 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 consequently are not subject to the reporting requirements. However, Ricegrowers Limited did exceed the threshold for the *National Greenhouse and Energy Reporting Act 2007 for the period* 1/7/2010 to 30/6/2011, which required the reporting of direct and indirect emissions of 73,606 tonnes of CO_2 and consumption of 394,542 gigajoules of energy for that period.

10 Paddy supply

The paddy supply for 2012/2013 from Australian ricegrowers has exceeded 960k tonnes. Prior year supply in 2011/2012 of 800k tonnes was a return to normal paddy supply as a result of favourable water availability after years of drought conditions (2010/2011 receipts of 205k tonnes and 2009/2010 receipts of 66k tonnes).

11 Top Ten Shareholders

The following table represents the top ten shareholders as at 30th April 2012.

Rank	Shareholder	No. of B Class Shares
1	Menegazzo Enterprises Pty Ltd	2,787,748
2	Burrabogie Pastoral Co Pty Ltd	2,371,086
3	Dellapool Nominees Pty Ltd	904,809
4	Germanico Super Pty Ltd	810,625
5	Mr Alan David Walsh	492,285
6	Industry Designs Pty Ltd	467,290
7	Taurian Pty Ltd	402,529
8	Indara Holdings Pty Ltd	401,137
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.

12 Directors' and company secretary qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

	Directors' interests in A and B Class shares of Ricegrowers Limited			
	2012		2011	
Director	**A Class Shares**	**B Class Shares**	A Class Shares	B Class Shares
GF Lawson AM	**1**	**330,139**	1	330,139
DM Robertson	**1**	**224,539**	1	224,539
GA Andreazza (appointed 25 August 2011)	**1**	**80,279**	-	-
LJ Arthur	**1**	**233,818**	1	234,818
NG Graham	**1**	**100,897**	1	100,897
RA Higgins AO	**-**	**31,436**	-	29,838
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**-**	**29,838**	-	29,838
AD Walsh	**3**	**500,350**	4	473,319

Directors' Report

13 Directors' interests in shares (continued)

	Directors' interests in A and B Class shares of Ricegrowers Limited			
	2012		2011	
	A Class Shares	B Class Shares	A Class Shares	B Class Shares
Former directors				
G Helou (executive, resigned 14 September 2011)	-	-	-	54,000
N McAllister (retired 25 August 2011)	-	-	2	319,084

14 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson AM	15	15	-	-	3	-	4	4
DM Robertson	15	15	4	5	-	-	4	4
GA Andreazza	8	8	-	-	2	2	-	-
LJ Arthur	15	15	5	5	4	4	-	-
R Gordon	3	3	2	-	1	-	1	-
NG Graham	14	15	5	5	-	-	-	-
G Helou	5	5	2	-	-	-	1	-
RA Higgins AO	15	15	5	5	-	-	-	-
GL Kirkup	15	15	-	-	4	4	-	-
GF Latta AM	15	15	5	5	-	-	4	4
N McAllister	7	7	-	-	1	2	-	-
AD Walsh	15	15	-	-	4	4	-	-

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

15 Indemnification of officers

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

16 Directors' benefits

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

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

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

17 Remuneration report (audited)

This report outlines Ricegrowers Limited's remuneration policy for Directors and other Key Management Personnel (KMP) in accordance with requirements of the *Corporations Act 2001* and Corporations Regulations.

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

Our remuneration strategy is designed to attract and retain skilled and experienced people at all levels. Our approach balances market driven benchmarks relating to the remuneration of the CEO and Senior Executives to comparable Fast Moving Consumer Goods (FMCG) and Agri-business organisations with similar performance levers. Our remuneration approach for the CEO and Senior Executives offers a market midpoint for base salary combined with 'at risk' components of Short and Long Term Incentives which combine to deliver stability and a competitive and motivating alignment between remuneration and business strategies. CEO and Senior Executive Salary packages (in relation to base and incentive arrangements) are aligned with the grade for the role (defined by an accountability, judgement and expertise matrix) and linked to an evaluation of performance against Key Performance Indicators. Merit based reviews of all salaries, incentives and any non cash benefits are determined by the Remuneration Committee chaired by Mr Grant Latta and approved by the Board. Remuneration reviews are informed by extensive consultation with remuneration experts and reference to remuneration surveys produced independently by Newton Consulting, FMCG Careers, Mercer Human Resource Consulting, Corporate Remuneration Advisors and Australian Institute of Management. This ensures that remuneration decisions are generally consistent with similar roles in comparable organisations.

(ii) Non-executive directors

Non-executive directors' fees are determined within an aggregate Non-Executive Directors' fee pool limit, which is periodically recommended to shareholders for approval. The maximum currently stands at $750,000 as approved at the 2010 Annual General Meeting. This includes any superannuation contributions made for the benefit of the Directors' under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* .

The following fees have applied from 1 May 2010

Base Fees	**$**
Chair	135,000
Deputy Chair	70,000
Other non-executive directors	60,000
Additional Fees	
F&A Committee - Chair	12,000
F&A Committee - Member	6,000
Remuneration Committee - Chair	6,000
Remuneration Committee - Member	3,000
Grower Services Committee - Chair	6,000
Grower Services Committee - Member	3,000

In addition to the above fees:
Ricegrowers Limited contributes the statutory 9% superannuation to an accumulation fund on behalf of all Directors.
Directors attending to the business of the Company under direction of the Board of Directors shall receive travelling and out of pocket expenses.
Non Executive Directors of Ricegrowers Limited who are directors of Trukai Industries Limited also receive annual director fees.

(iii) Retirement allowances for directors

At the 2010 Annual General Meeting, shareholders approved the termination of the retirement allowance scheme. Directors' accrued entitlements at 30 April 2010 were frozen and will be paid when they retire.

(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.

17 Remuneration report (continued)

(v) Base pay

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

(vi) Benefits

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

(vii) Retirement benefits

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

(viii) Incentives/Bonuses

The CEO participates in both a short and long term incentive plan. Both plans are contingent upon Ricegrowers Limited and the CEO achieving predetermined performance targets set by the Board.
A structured Short Term Incentive Program was established in 2012 for the Corporate Management Team and other Management personnel who were expected to affect business performance. The final value of the Short Term Incentive has been specifically determined by the Remuneration Committee and the Board.

Key Management Personnel of Ricegrowers Limited have a target short term incentive opportunity of 30% of their Total Employment Cost. Short term incentive awards for the 2012 financial year for Key Management Personnel were based on the measures and weightings disclosed below.

Metric	**Weighting**
Group Consolidated Net Profit Before Tax	50%
Business unit performance	25%
Personal performance	25%

Directors' Report

18 Details of remuneration (audited)

Key Management Personnel

The following persons were the Executive Director and 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*
R. Gordon	Executive Director and Chief Executive Officer	Ricegrowers Limited
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
G. Woods	General Manager, CopRice & Australian Grain Storage Pty Ltd	Ricegrowers Limited

All the above persons were also executives during the year ended 30 April 2011 with the exception of R Gordon who commenced 6 February 2012. The Chief Executive Officer role was previously held by G Helou who resigned 14 September 2011.

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

	Short term benefits			**Post employment benefits**		**Long term benefits***		**Total**
Name	Cash Salary and fees $	Bonus $	Non-Monetary Benefits $	Super - annuation $	Retirement benefits $	Bonus $	Retention benefit $	$
R Gordon *(Commenced 06.02.2012)*								
2012	**214,286**	**-**	**-**	**-**	**-**	**-**	**-**	**214,286**
2011	-	-	-	-	-	-	-	-
M Bazley^#								
2012	**348,085**	**111,926**	**-**	**25,000**	**-**	**-**	**66,196**	**551,207**
2011	330,319	20,000	-	25,000	-	73,660	-	448,979
G Helou^ #2 *(Resigned 14.09.2011)*								
2012	**305,715**	**400,000**	**-**	**4,166**	**-**	**-**	**-**	**709,881**
2011	817,000	200,000	8,000	25,000	-	-	-	1,050,000
B Hingle^#								
2012	**334,816**	**113,452**	**27,937**	**21,180**	**-**	**-**	**68,121**	**565,506**
2011	316,533	20,000	27,937	21,180	-	131,706	-	517,356
D Keldie^ #1								
2012	**355,336**	**318,114**	**1,285**	**17,800**	**-**	**-**	**66,433**	**758,968**
2011	336,721	20,000	1,970	17,900	-	105,011	-	481,602
J Lloyd^								
2012	**492,591**	**-**	**49,437**	**40,980**	**-**	**249,838**	**-**	**832,846**
2011	414,353	201,908	49,437	40,980	-	42,064	-	748,742
G Woods #								
2012	**229,794**	**96,118**	**98,971**	**24,210**	**-**	**-**	**-**	**449,093**
2011	229,138	15,000	83,873	22,662	-	-	-	350,673

* In 2011 long term benefits for M.Bazley, B.Hingle and D.Keldie represented the final amount to be accrued under the long term incentive plan which operated to 30 April 2011. This plan was contingent on the achievement of predetermined performance targets set by the Board. Performance was based on a scorecard of 'financial', 'customer', 'governance', 'quality', 'safety' and 'operational' metrics. No Long Term Incentive scheme was initiated in 2012.

^,# denotes one of the five highest paid executives of the Group (^) and/or Ricegrowers Limited (#) as required to be disclosed under the *Corporations Act 2001.*

[1] David Keldie received $210,000 as cash bonus for acting CEO for 6 months until the appointment of Rob Gordon on 6 February 2012.

2 G Helou previously held the roles of Executive Director and Chief Executive Officer.

18 Details of remuneration (continued)

Key Management Personnel (continued)

(ii) Service agreements

The CEO, Rob Gordon, has a service agreement in force until 6 February 2017. This prescribes his remuneration including short and long term incentives. Mr Gordon's remuneration is made up of total fixed remuneration of $900,000, potential short term incentive up to $700,000 (for substantial above budget performance in profit and/or paddy price paid) and potential long term incentive up to $450,000 per annum. Payments made under the incentive arrangements and program are based on the achievement of specified Board criteria. The CEO's service agreement may be terminated by either party. The employer may terminate the CEO's employment by giving the lesser of 12 months notice or the period remaining to the end of the service agreement. The CEO may terminate employment by giving the lesser of 6 months notice or the period remaining to the end of the service agreement. Termination benefits are paid on early termination for the period of notice. Any variation to these terms may

The CEO of Riviana Foods Pty Ltd, John Lloyd, has a service agreement in force until 30 April 2014. This prescribes his remuneration including short term incentive and deferred bonus. The short term incentive is based on the achievement of specified criteria. The deferred bonus was awarded on the CEO's agreement to extend his term of employment and consists of 2 months total employment cost (TEC) and one month's TEC for each year or part thereof service with the company commencing 20 September 1993 to termination date payable on termination. The service agreement may be terminated by either party. The employer may terminate the employment by giving 3 months notice. The CEO of Riviana Foods Pty Ltd may terminate his employment by giving 2 months notice.

The remaining key management personnel have standard permanent employment contracts in place with notice periods of 1 to 3 months. Termination benefits are paid on early termination for the period of notice. These employment contracts set out the terms and conditions of employment and prescribes how the remuneration and incentive program will operate

The key management personnel Brad Hingle, David Keldie and Milton Bazley have a retention arrangement in place for 15 months ending 31 October 2012.

18 Details of remuneration (continued)

(iii) Remuneration for Non-Executive Directors of Ricegrowers Limited

The Non-Executive Directors named in the Directors' Report each held office as a Director of Ricegrowers Limited during the year ended 30 April 2012.

Following a review by expert remuneration consultants, at the Annual General Meeting held on 27 August 2010, shareholders approved a change to the structure of Directors remuneration which included the termination of the Retirement Benefit Scheme. Annual Non-Executive Director fees were increased to a fixed annual fee pool of $750,000 with the Retirement Benefits Scheme "grandfathered" and paid on retirement at Board discretion. Prior to that, Directors remuneration had not increased since 2002.

	Short term benefits				**Post employment benefits**		**Other long term benefits**	**Share based payments**	**Total**
	Cash Salary and fees Ricegrowers Limited $	Cash Salary and fees Other Controlled Entities $	Bonus $	Non-Monetary Benefits $	Super - annuation $	Retirement benefits ^^ $	Bonus $	Equity options /others $	$
GF Lawson AM									
2012	**138,000**	**-**	**-**	**-**	**12,420**	**-**	**-**	**-**	**150,420**
2011	138,000	-	-	-	12,420	(21,563)	-	-	128,857
*DM Robertson**									
2012	**79,000**	**10,614**	**-**	**-**	**7,110**	**-**	**-**	**-**	**96,724**
2011	79,000	1,880	-	-	7,110	(6,686)	-	-	81,304
GA Andreazza *(Commenced 25.08.2011)*									
2012	**42,913**	**-**	**-**	**-**	**3,862**	**-**	**-**	**-**	**46,775**
2011	-	-	-	-	-	-	-	-	-
LJ Arthur									
2012	**69,000**	**-**	**-**	**-**	**6,210**	**-**	**-**	**-**	**75,210**
2011	69,000	-	-	-	6,210	25,642	-	-	100,852
*NG Graham**									
2012	**66,000**	**6,368**	**-**	**-**	**5,940**	**-**	**-**	**-**	**78,308**
2011	66,000	1,880	-	-	5,940	883	-	-	74,703
RA Higgins AO									
2012	**66,000**	**-**	**-**	**-**	**5,940**	**-**	**-**	**-**	**71,940**
2011	66,000	-	-	-	5,940	(9,003)	-	-	62,937
GL Kirkup									
2012	**66,000**	**-**	**-**	**-**	**5,940**	**-**	**-**	**-**	**71,940**
2011	66,000	-	-	-	5,940	(5,992)	-	-	65,948
GF Latta AM									
2012	**78,000**	**-**	**-**	**-**	**7,020**	**-**	**-**	**-**	**85,020**
2011	78,000	-	-	-	7,020	-	-	-	85,020
N McAllister *(Retired 25.08.2011)*									
2012	**20,087**	**-**	**-**	**-**	**1,808**	**-**	**-**	**-**	**21,895**
2011	63,000	-	-	-	5,670	(10,210)	-	-	58,460
AD Walsh									
2012	**63,000**	**-**	**-**	**-**	**5,670**	**-**	**-**	**-**	**68,670**
2011	63,000	-	-	-	5,670	(8,520)	-	-	60,150

^^ The amounts for 2011 are for comparative purposes only. Any amounts owing under the previous Retirement Benefits Scheme have been "grandfathered" and will be paid on retirement at the board's discretion. The retirement benefits have been frozen and will no longer fluctuate. No interest is to apply on the "grandfathered" amount.

* M Robertson and N Graham as directors of Trukai Industries Limited receive directors fees from Trukai Industries Limited.

Ricegrowers Limited
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Directors' Report

19 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 11.

20 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 Statements have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar.

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

For and on behalf of the Board.

GF Lawson AM
Chairman

DM Robertson
Deputy Chairman

18 June 2012

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 12 to 48 are in accordance with the *Corporations Act 2001* , including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 April 2012 and of its performance for the financial year ended on that date, and

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

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

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

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

For and on behalf of the Board.

GF Lawson AM	DM Robertson
Director	Director

18 June 2012

Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2012, 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 during the period.

S J Bourke
Partner

Sydney
18 June 2012

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Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Consolidated income statement
For the year ended 30 April 2012

	Note	2012 $000's	2011 $000's
Sales revenue	4	**996,942**	806,942
Other revenue	4	**3,428**	2,407
Revenue from continuing operations		**1,000,370**	809,349
Other income	5	**907**	1,615
Impairment of assets		**(7,799)**	1,029
Changes in inventories of finished goods		**(7,658)**	(54,230)
Raw materials and consumables used		**(550,011)**	(479,292)
Employee benefits expense		**(99,268)**	(73,333)
Depreciation and amortisation expense	6	**(21,649)**	(21,392)
Finance costs		**(17,381)**	(24,435)
Other expenses	6	**(242,791)**	(141,515)
Share of net profit of associate accounted for using the equity method	14	**(85)**	(296)
Profit before income tax		**54,635**	17,500
Income tax expense	7	**(20,724)**	(4,401)
Profit for the year		**33,911**	13,099
Profit for the year is attributable to:			
Non-controlling interests		**2,128**	408
Ricegrowers Limited shareholders		**31,783**	12,691
		33,911	13,099
Earnings per share for profit attributable to B Class Shareholders			
Basic and diluted earnings (cents per share)	32	**57.3**	23.3

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

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Consolidated statement of comprehensive income
For the year ended 30 April 2012

	2012 $000's	2011 $000's
Profit for the year	**33,911**	13,099
Other comprehensive income		
Changes in fair value of cash flow hedges	**(5,453)**	8,123
Exchange differences on translation of foreign operations	**3,392**	(4,052)
Income tax relating to items of other comprehensive income	**1,636**	(2,437)
Other comprehensive income for the year, net of tax	**(425)**	1,634
Total comprehensive income for the year	**33,486**	14,733
Total comprehensive income for the year is attributable to:		
Non-controlling interests	**3,188**	(741)
Ricegrowers Limited shareholders	**30,298**	15,474
	33,486	14,733

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

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Consolidated balance sheet
As at 30 April 2012

	Note	2012 $000's	2011 $000's
Current assets			
Cash and cash equivalents	8	29,170	15,820
Receivables	9	124,277	126,023
Inventories	10	378,637	355,384
Current tax receivable		-	65
Derivative financial instruments	13	4,745	10,214
Total current assets		536,829	507,506
Non-current assets			
Receivables	9	-	1,000
Other financial assets	11	76	91
Property, plant and equipment	15	196,728	206,304
Investment properties	17	1,200	2,700
Intangible assets	16	7,532	9,711
Deferred tax assets	18	13,580	16,888
Investments accounted for using the equity method	14	834	785
Total non-current assets		219,950	237,479
Total assets		756,779	744,985
Current liabilities			
Payables	19	80,178	66,191
Grower payables	19	107,649	86,170
Borrowings	20	61,928	172,958
Current tax liabilities		17,680	1,221
Provisions	21	12,511	10,026
Derivative financial instruments	13	1,227	2,077
Total current liabilities		281,173	338,643
Non current liabilities			
Payables	19	12,230	20,152
Grower payables	19	25,368	26,574
Borrowings	20	141,498	84,254
Deferred tax liabilities	22	-	6,895
Provisions	21	3,586	2,913
Total non-current liabilities		182,682	140,788
Total liabilities		463,855	479,431
Net assets		292,924	265,554
Equity			
Contributed equity	23	107,819	104,256
Reserves	24	19,118	20,603
Retained profits	24	152,310	130,373
Total parent entity interest		279,247	255,232
Non-controlling interests		13,677	10,322
Total equity		292,924	265,554

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

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Statement of changes in equity
For the year ended 30 April 2012

	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 2011	**104,256**	**20,603**	**130,373**	**255,232**	**10,322**	**265,554**
Profit for the year	**-**	**-**	**31,783**	**31,783**	**2,128**	**33,911**
Other comprehensive income	**-**	**(1,485)**	**-**	**(1,485)**	**1,060**	**(425)**
Total comprehensive income for the year	**-**	**(1,485)**	**31,783**	**30,298**	**3,188**	**33,486**
Transactions with owners in their capacity as owners:						
Distribution reversed	**-**	**-**	**-**	**-**	**167**	**167**
Contributions of equity, net of transaction costs	**3,563**	**-**	**-**	**3,563**	**-**	**3,563**
Dividends paid	**-**	**-**	**(9,846)**	**(9,846)**	**-**	**(9,846)**
	3,563	**-**	**(9,846)**	**(6,283)**	**167**	**(6,116)**
Balance as at 30 April 2012	**107,819**	**19,118**	**152,310**	**279,247**	**13,677**	**292,924**

	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 2010	101,017	17,820	129,682	248,519	11,482	260,001
Profit for the year	-	-	12,691	12,691	408	13,099
Other comprehensive income	-	2,783	-	2,783	(1,149)	1,634
Total comprehensive income for the year	-	2,783	12,691	15,474	(741)	14,733
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,239	-	-	3,239	-	3,239
Dividends paid	-	-	(12,000)	(12,000)	(419)	(12,419)
	3,239	-	(12,000)	(8,761)	(419)	(9,180)
Balance as at 30 April 2011	104,256	20,603	130,373	255,232	10,322	265,554

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

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Consolidated cash flow statement
For the year ended 30 April 2012

	Note	2012 $000's	2011 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,015,106**	802,872
Payments to suppliers (inclusive of goods and services tax)		**(550,572)**	(521,823)
Payments of wages, salaries and on-costs		**(96,041)**	(73,007)
Dividends received		**2**	2
Interest received		**1,420**	584
Other revenue		**2,031**	1,546
Interest paid		**(15,721)**	(24,036)
Income taxes paid		**(6,338)**	(4,760)
		349,887	181,378
Payments to growers		**(249,406)**	(129,390)
Net cash inflow from operating activities	**31**	**100,481**	51,988
Cash flows from investing activities			
Payments for property, plant and equipment		**(14,311)**	(7,978)
Proceeds from sale of property, plant and equipment		**196**	434
Payments for intangibles		**(1,002)**	(968)
Proceeds from sale of investment properties and investments		**-**	812
Net cash outflow from investing activities		**(15,117)**	(7,700)
Cash flows from financing activities			
Proceeds from borrowings		**938,883**	196,153
Repayment of borrowings		**(1,009,752)**	(208,990)
Proceeds from issue of shares		**892**	-
Repayment of loan by RMB		**1,000**	-
Repayment of rice bonds		**-**	(6,862)
Repayment of finance leases		**(719)**	(623)
RMB equity redemptions	**19**	**(11,882)**	(5,766)
Dividends paid to company's shareholders		**(7,175)**	(8,761)
Net cash outflow from financing activities		**(88,753)**	(34,849)
Net (decrease)/increase in cash and cash equivalents		**(3,389)**	9,439
Cash and cash equivalents at the beginning of the financial year		**14,460**	5,241
Effect of exchange rate changes on cash and cash equivalents		**(68)**	(220)
Cash and cash equivalents at end of year	**8**	**11,003**	14,460

The above cash flow statement 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 statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity consisting of Ricegrowers Limited and its subsidiaries.

(a) Basis of preparation of financial statements

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

Compliance with IFRS's
These financial statements of Ricegrowers Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the Group
None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 May 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards
The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 May 2011.

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 2012 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in these financial statements 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, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates

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

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.

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

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

Notes to the financial statements

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.

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

(d) 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. They are carried at amortised cost using the effective interest method.

(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.

(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. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

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

(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. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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.

1 Summary of significant accounting policies (continued)

(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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Patents and brands are deferred and amortised on a straight line basis over the periods of their expected benefit which varies from 5 to 20 years.
Capitalised software and re-engineered systems are amortised over 3 years.

(j) Research and development costs

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

(k) Trade 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 45 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and deferred until the draw down occurs.

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

(m) Grower payables

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

(n) Employee benefits

Wages and salaries, annual and sick leave

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

Long 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.

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

Termination benefits

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

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(o) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

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

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

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

(p) Derivatives

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

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

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

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

(r) Revenue recognition

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

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(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 27). 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. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs in business combinations are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the 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.

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

(u) Segment reporting

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

(v) Provisions

Provisions are recognised when the settlement of a present obligation is probable and measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Any change in the provision amount is recognised in the income statement.

(w) Dividends

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

(x) 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 received before 1 May 2009 are stated at face value not fair value in accordance with AASB120 *Accounting for Government Grants and Disclosure of Government Assistance.*

Notes to the financial statements

1 Summary of significant accounting policies (continued)

(aa) Earnings per share

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

(ab) Rounding of amounts

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

(ac) New accounting standards and interpretations

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The standard will have no material affect on the Group's accounting for financial instruments.

(ii) AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interest in Other Entities, revised AASB 127 Separate Financial Statements and *AASB 128 Investments in Associates and Joint Ventures* (effective 1 January 2013).
AASB10 replaces all of the guidance on control and consolidation in AASB127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation - Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect that this standard will have a significant impact on its financial statements.
AASB12 sets out the required disclosures for entities reporting under the two new standards AASB10 and AASB11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements but may impact the type of information disclosed in relation to the Group's investments.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements.

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

(ad) Parent entity information

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

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

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

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

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

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

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

Notes to the financial statements

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.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures mainly to the US dollar (USD).

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

Forward contracts are used to manage foreign exchange risk. 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 main exposure to foreign currency risk at the reporting date denominated in USD.

	2012 USD 000's	2011 USD 000's
Cash	**2,202**	3,502
Trade receivables	**78,435**	107,106
Trade payables	**(43,262)**	(77,014)
Forward exchange contracts:		
-selling foreign currency	**(203,500)**	(210,100)
-buying foreign currency	**31,700**	59,079
Net exposure - selling currency/(buying currency)	**(134,425)**	(117,427)

Sensitivity analysis

At 30 April 2012, had the US dollar increased 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 $642,000 lower (2011 - a change of 10 cents: $184,000 higher) and other equity would have been $8,506,000 higher (2011: $6,160,000 higher) mainly as a result of foreign exchange gain/loss on translation of the US dollar.

At 30 April 2012, had the US dollar decreased 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 $778,000 higher (2011 - a change of 10 cents: $221,000 lower) and other equity would have been $10,307,000 lower (2011: $7,405,000 lower) 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.

2 Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

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

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

30 April 2012

	Weighted average interest rate %	**Balance $000's**
Cash at bank	**3.9**	**29,170**
Bank loans and bank overdrafts	**6.0**	**202,078**
Interest rate swap (notional principal amount)	**5.2**	**(62,000)**
Net exposure to cash flow interest rate risk		**110,908**

30 April 2011

	Weighted average interest rate %	Balance $000's
Cash at bank	4.4	15,820
Bank loans and bank overdrafts	6.7	255,299
Interest rate swap (notional principal amount)	5.9	(46,000)
Net exposure to cash flow interest rate risk		193,479

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

Sensitivity analysis

At 30 April 2012, 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 $194,000 lower/higher (2011: $339,000 lower/higher) mainly as a result of higher/lower interest expense on variable borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard and Poor's A minus are accepted. Domestic customers are assessed for credit quality taking into account their financial position, past experience, trade references, ASIC searches and other factors. Export customers trading terms are secured by letter of credit, telegraphic transfer, cash against documents or documentary collection and prepayment. Individual risk limits are set in accordance with the limits set by the Board. Compliance with credit limits is regularly monitored by management. Further information about the quality of receivables is set out in note 9.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amoun 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 had access to the following undrawn borrowing facilities at the reporting date:

	2012 $000's	2011 $000's
Floating rate:		
Bank overdraft - expiring within one year	**3,672**	9,507
Bank loans - expiring within one year	**200,392**	142,871
Bank loans - expiring beyond one year	**12,000**	2,500
	216,064	154,878

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

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2 Financial risk management (continued)

(c) Liquidity risk (continued)

Maturities of financial liabilities

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

30 April 2012	**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	**205,507**	**27,710**	**8,544**	**1,344**	**243,105**	**243,105**
Variable rate	**63,142**	**13,530**	**124,950**	**2,028**	**203,650**	**201,212**
Fixed rate	**1,085**	**1,042**	**928**	**-**	**3,055**	**2,214**
Total non-derivatives	**269,734**	**42,282**	**134,422**	**3,372**	**449,810**	**446,531**
Derivatives						
Interest rate swaps - net settled	**1,007**	**-**	**-**	**-**	**1,007**	**1,007**
Foreign currency contracts - gross settled						
(inflow)	**(211,872)**	**-**	**-**	**-**	**(211,872)**	**(4,745)**
outflow	**207,347**	**-**	**-**	**-**	**207,347**	**220**
Total derivatives	**(3,518)**	**-**	**-**	**-**	**(3,518)**	**(3,518)**

30 April 2011	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	153,582	34,489	6,457	5,780	200,308	200,308
Variable rate	175,786	77,377	994	2,024	256,181	252,119
Fixed rate	1,293	3,548	1,166	-	6,007	5,093
Total non-derivatives	330,661	115,414	8,617	7,804	462,496	457,520
Derivatives						
Interest rate swaps - net settled	87	218	-	-	305	305
Foreign currency contracts - gross settled						
(inflow)	(244,317)	-	-	-	(244,317)	(10,214)
outflow	235,875	-	-	-	235,875	1,772
Total derivatives	(8,355)	218	-	-	(8,137)	(8,137)

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.

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

(i) Impairment of assets

The Group tests for impairment of goodwill and other assets 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.

(ii) Raw material inventory and amounts payable to growers

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

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Notes to the financial statements

4 Revenue

	2012 $000's	2011 $000's
Sales revenue		
Sale of goods	**991,426**	804,279
Services	**5,516**	2,663
	996,942	806,942
Other revenue		
Interest received	**1,420**	584
Dividends received	**2**	2
Other sundry items	**2,006**	1,821
	3,428	2,407
	1,000,370	809,349

5 Other income

	2012 $000's	2011 $000's
Fair value adjustment to investment properties	**-**	50
Net gain on disposal of property, plant and equipment	**-**	188
Foreign exchange gains	**907**	1,377
	907	1,615

6 Expenses

Profit before income tax includes the following specific expenses:

	2012 $000's	2011 $000's
Contributions to employee superannuation plans	**3,424**	2,346
Depreciation and amortisation		
Buildings	**7,534**	7,550
Plant and equipment	**12,429**	12,332
Leasehold improvements	**615**	533
Patents/brands and software	**1,071**	977
Total depreciation and amortisation expense	**21,649**	21,392
Other expenses		
Freight and distribution costs	**133,590**	59,923
Energy	**16,783**	10,554
Contracted services	**14,479**	13,245
Operating lease expenditure	**7,990**	8,361
Research and development	**2,670**	904
Advertising and artwork	**15,932**	12,143
Scheme of arrangement expenses*	**260**	3,471
Fair value adjustment to investment properties	**1,500**	-
Net loss on disposal of property, plant and equipment	**1,039**	-
Other	**48,548**	32,914
Total other expenses	**242,791**	141,515

*In 2011 the business incurred significant one off expenditure associated with the Proposed Scheme of Arrangement whereby Ebro Puleva SA made an unsolicited offer to acquire Ricegrowers Limited.

7 *Income tax expense*

(a) Income tax expense	2012 $000's	2011 $000's
Current tax expense	**(23,757)**	(5,080)
Deferred tax benefit/(expense)	**1,999**	(2,639)
Adjustments for current tax of prior periods	**1,034**	3,318
Income tax expense attributable to profit from continuing operations	**(20,724)**	(4,401)
Deferred income benefit/(expense) included in income tax expense comprises:		
Increase/(decrease) in deferred tax assets (note 18)	**(116)**	(512)
(Increase)/decrease in deferred tax liabilities (note 22)	**2,115**	(2,127)
	1,999	(2,639)

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

	2012 $000's	2011 $000's
Profit from continuing operations before related income tax	**54,635**	17,500
Income tax expense calculated at the Australian rate of tax of 30% (2011: 30%)	**(16,391)**	(5,250)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:		
Entertainment	**(45)**	(34)
Research & development	**109**	85
Sundry items	**(142)**	(174)
	(78)	(123)
Tax effect of tax losses not recognised	**(3,771)**	-
Difference in overseas tax rates	**(40)**	849
Adjustments for prior periods	**(444)**	123
Income tax expense	**(20,724)**	(4,401)

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

	2012 $000's	2011 $000's
Cashflow hedges	**(1,636)**	2,437
	(1,636)	2,437

(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*

	2012 $000's	2011 $000's
Cash at bank and on hand	**29,170**	15,820
	29,170	15,820

(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:

	2012	2011
Cash and cash equivalents	**29,170**	15,820
Less: Bank overdraft (note 20)	**(18,167)**	(1,360)
Balances per statement of cash flows	**11,003**	14,460

(b) Risk exposure

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

9 *Receivables*

	2012 $000's	2011 $000's
Current		
Trade receivables	**98,939**	100,145
Provision for impairment of receivables (note a)	**(347)**	(105)
	98,592	100,040
Other receivables	**4,904**	3,040
GST receivable	**12,729**	6,599
Prepayments	**8,052**	16,344
	124,277	126,023
Non-current		
Loan receivable	**-**	1,000
	-	1,000

(a) Impaired trade receivables

Nominal value of impaired trade receivables is as follows:

	2012 $000's	2011 $000's
1 to 3 months	**50**	15
3 to 6 months	**48**	104
Over 6 months	**258**	82
	356	201

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

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

	2012 $000's	2011 $000's
At 1 May	**105**	64
Provision for impairment recognised during the year	**245**	57
Receivables written off during the year as uncollectible	**(15)**	(7)
Foreign currency difference on translation	**12**	(9)
At 30 April	**347**	105

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.

9 Receivables (continued)

(b) Past due but not impaired

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

	2012 $000's	2011 $000's
Up to 3 months	**19,821**	13,504
3 to 6 months	**800**	546
	20,621	14,050

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

(c) Fair values

The Directors consider the carrying amount of trade receivables approximate their fair value.

(d) Risk exposure

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

10 Inventories

	2012 $000's	2011 $000's
Raw materials	**252,202**	212,669
Finished goods	**110,399**	126,680
Packaging materials	**10,091**	10,129
Engineering and consumable stores	**5,945**	5,906
	378,637	355,384

11 Other financial assets

	2012 $000's	2011 $000's
Other unlisted securities	**76**	91
	76	91

12 Available-for-sale financial assets

	2012 $000's	2011 $000's
At beginning of year	**-**	3
Revaluation	**-**	(2)
Disposal	**-**	(1)
At end of year	**-**	-
Listed securities	**-**	-

The available-for-sale financial assets were sold in the 2011 year.

13 *Derivative financial instruments*

	2012 $000's	2011 $000's
Current assets		
Forward foreign exchange contracts (cash flow hedges)	**4,745**	10,214
	4,745	10,214
Current liabilities		
Interest rate swaps (cash flow hedges)	**1,007**	305
Forward foreign exchange contracts (cash flow hedges)	**220**	1,772
	1,227	2,077

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

(i) Interest rate swaps - cash flow hedges
The Group has entered into interest rate swap contracts that entitle it to receive interest at floating rates on notional principal amounts, and oblige it to pay interest at fixed rates on the same amounts. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and effectively swap them into fixed rates. Under the interest rate swaps, the 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. The contracts require settlement of net interest receivable or payable each 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Swaps currently in place cover 43.7% (2011: 38%) of the core debt and AGS bank loans. The fixed interest rates range between 4.02% - 6.01% (2011: 5.03% - 7.895%) and the variable rates are between 4.42% and 7.5% (2011: 4.94% and 7.95%).

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

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

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

(c) Fair value measurements
The fair value of derivative financial instruments are determined based on dealer quotes for similar instruments.

14 Investments accounted for using the equity method

	2012 $000's	2011 $000's
Shares in associates	**834**	785

Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest 2012	Ownership interest 2011
Pagini Transport (incorporated in Papua New Guinea)	Transport	**31.56%**	31.56%

	Consolidated 2012 $000's	Consolidated 2011 $000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**785**	1,106
Share of loss after related income tax	**(85)**	(296)
Foreign currency difference	**134**	(25)
Carrying amount at the end of the financial year	**834**	785
(b) Share of associates' losses		
Loss before related income tax	**(85)**	(296)
Income tax benefit	**-**	-
Loss after related income tax	**(85)**	(296)

(c) Summarised financial information of Pagini Transport (100%)	Assets $000's	Liabilities $000's	Revenues $000's	Profits $000's
2012	**10,110**	**7,650**	**1,371**	**(269)**
2011	7,884	5,396	1,581	(938)

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.

15 Property, plant and equipment

	2012 $000's	2011 $000's
Freehold land		
At cost	**15,034**	10,887
	15,034	10,887
Buildings		
At cost	**184,397**	181,521
Less accumulated depreciation	**(62,661)**	(54,160)
	121,736	127,361
Leasehold improvements		
At cost	**10,974**	9,546
Less accumulated depreciation	**(3,659)**	(2,849)
	7,315	6,697
Plant and equipment		
At cost	**184,841**	183,000
Less accumulated depreciation	**(135,432)**	(123,599)
Under finance lease	**2,285**	2,381
Less accumulated depreciation	**(1,431)**	(1,128)
	50,263	60,654
Capital works in progress		
At cost	**2,380**	705
	196,728	206,304

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 2011	138,248	6,697	60,654	705	206,304
Additions	5,153	25	2,855	6,278	14,311
Recognition of finance lease	-	-	150	-	150
Capital works in progress reclassifications	799	314	3,310	(4,423)	-
Impairment	(843)	-	(4,722)	-	(5,565)
Transfers/disposals/scrapping	-	-	(1,016)	(219)	(1,235)
Depreciation expense	(7,534)	(615)	(12,429)	-	(20,578)
Foreign currency differences	947	894	1,461	39	3,341
Carrying amount at 30 April 2012	136,770	7,315	50,263	2,380	196,728

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 2010	146,209	7,209	66,688	1,553	221,659
Additions	-	195	3,125	4,658	7,978
Recognition of finance lease	-	-	293	-	293
Capital works in progress reclassifications	821	88	4,542	(5,481)	(30)
Reversal of impairment	130	-	899	-	1,029
Transfers/disposals/scrapping	-	(19)	(227)	-	(246)
Depreciation expense	(7,550)	(533)	(12,332)	-	(20,415)
Foreign currency differences	(1,362)	(243)	(2,334)	(25)	(3,964)
Carrying amount at 30 April 2011	138,248	6,697	60,654	705	206,304

The impairment in 2012 relates to fixed assets at the Aqaba Processing Company packing plant in Jordan, Ricegrowers Limited Specialty Rice Foods Plant at Leeton and the Riviana Foods Pty Ltd Rubens plant at Nerang. In 2011 the impairment reversal related to Ricegrowers Limited's Deniliquin Mill #2 as it returned to production as a result of normal paddy supply and a favourable outlook for future crops.

15 Property, plant and equipment (continued)

Purchase of Rice Storage Assets

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

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

Assets pledged as security
There are fixed and floating charges over fixed assets as disclosed in note 20.

16 Intangibles

	2012 $000's	2011 $000's
Goodwill	**2,819**	3,169
Patents and brands	**8,252**	8,128
Less accumulated amortisation	**(5,143)**	(2,802)
	3,109	5,326
Software	**3,811**	3,787
Less accumulated amortisation	**(3,040)**	(2,604)
	771	1,183
Other	**1,000**	1,000
Less accumulated amortisation	**(167)**	(967)
	833	33
	7,532	9,711

Consolidated	**Goodwill $000's**	**Brands $000's**	**Software $000's**	**Other $000's**	**Total $000's**
Carrying amount at 1 May 2011	3,169	5,326	1,183	33	9,711
Additions	-	-	2	1,000	1,002
Amortisation charge	-	(438)	(433)	(200)	(1,071)
Impairment	(352)	(1,882)	-	-	(2,234)
Foreign exchange difference on translation	2	103	19	-	124
Carrying amount at 30 April 2012	2,819	3,109	771	833	7,532

The impairment relates to goodwill associated with the Rubens business and the Harvest/Hassad brands.

Consolidated	**Goodwill $000's**	**Brands $000's**	**Software $000's**	**Other $000's**	**Total $000's**
Carrying amount at 1 May 2010	2,820	6,207	914	233	10,174
Additions	352	-	647	-	999
Amortisation charge	-	(457)	(320)	(200)	(977)
Foreign exchange difference on translation	(3)	(424)	(58)	-	(485)
Carrying amount at 30 April 2011	3,169	5,326	1,183	33	9,711

Notes to the financial statements

16 Intangibles (continued)

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

	2012	2011
	$000's	$000's
Rice Milling and Marketing Global	**29**	27
Riviana Foods	**2,605**	2,957
CopRice	**185**	185
	2,819	3,169

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 2012 financial year are extrapolated using the estimated growth rates stated below.

Key assumptions used for value in use calculations

	Growth Rate		**Discount Rate**	
CGU	**2012**	2011	**2012**	2011
	%	%	**%**	%
Rice Milling and Marketing Global	**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

		Consolidated
	2012	2011
At fair value	**$000's**	$000's
Opening balance at 1 May	**2,700**	3,458
Disposal	**-**	(808)
Net (loss)/gain from fair value adjustment	**(1,500)**	50
Closing balance at 30 April	**1,200**	2,700

Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The sole investment property, the Griffith site, was valued in 2012 by a certified practising valuer.

Notes to the financial statements

18 Deferred tax assets

	2012 $000's	2011 $000's
The balance comprises temporary differences attributable to:		
Provisions	**5,057**	4,354
Accruals	**254**	317
Depreciation	**6,191**	5,197
Foreign exchange	**2,243**	4,396
Inventories	**2,344**	1,073
Other	**650**	1,224
	16,739	16,561
Cash flow hedges	**560**	235
Interest rate swaps	**137**	92
Total deferred tax assets	**17,436**	16,888
Set-off of deferred tax liabilities pursuant to set-off provisions (note 22)	**(3,856)**	
Net deferred tax assets	**13,580**	

	2012 $000's	2011 $000's
Movements		
Opening balance at 1 May	**16,888**	17,663
Credited/(charged) to income statement	**(116)**	(512)
Foreign exchange differences on translation	**293**	(357)
(Charged)/credited to other comprehensive income	**371**	94
Closing balance at 30 April	**17,436**	16,888

19 Payables

Current	2012 $000's	2011 $000's
Trade and other payables	**72,305**	54,412
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity	**7,873**	11,779
Total external trade payables	**80,178**	66,191
Amounts payable to Australian ricegrowers	**107,649**	86,170
	187,827	152,361
Non-current		
Trade and other payables	**1,344**	1,290
Amounts owing to the Rice Marketing Board (RMB) for RMB Equity Certificates	**10,886**	18,862
Total external trade payables	**12,230**	20,152
Amounts payable to Australian ricegrowers	**25,368**	26,574
	37,598	46,726

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

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

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

20 Borrowings

Current	2012 $000's	2011 $000's
Secured		
Bank overdrafts	**18,167**	1,360
Bank loans	**42,963**	170,921
Lease liability (note 27)	**798**	677
	61,928	172,958
Non current		
Secured		
Bank loans	**140,949**	83,018
Lease liability (note 27)	**549**	1,236
	141,498	84,254

20 Borrowings (continued)

(a) Significant terms and conditions of bank facilities

During the 2012 financial year, Ricegrowers Limited renegotiated its seasonal syndicated banking facility. The seasonal debt facility was decreased to $240m from $265m and the maturity date was extended to 31 March 2013. The core debt facility was increased from $56.5m to $80.0m (maturity date 15 December 2014). The total facility is $320.0m compared to $321.5m in the prior year.

Riviana Foods Pty Ltd refinanced its seasonal and core debt facility with $10m seasonal debt maturing in December 2012 and $25m core debt maturing in June 2014. The facilities are secured by real property mortgages.

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

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

(b) Fair values

The Directors consider the carrying amounts of bank overdrafts and loans approximate their fair values based on cashflows discounted at a weighted average interest rate of 6% (2011: 6.7%).

(c) Carrying amount of all assets pledged as security
There is a fixed and floating charge over all fixed assets as described above.

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

	2012 $000's	2011 $000's
The Group's bank loans are categorised as follows:		
Seasonal debt	**42,173**	133,751
Core debt	**97,739**	84,188
AGS debt	**44,000**	36,000
	183,912	253,939
Representing:		
Current bank loans	**42,963**	170,921
Non-current bank loans	**140,949**	83,018
	183,912	253,939

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. This facility of $44m has a maturity date of 30 June 2014.

21 Provisions

	2012 $000's	2011 $000's
Current		
Employee benefits (note 28)	**11,715**	9,189
Employee allowances	**78**	50
Directors' retirement benefits	**718**	787
	12,511	10,026
Non current		
Employee benefits (note 28)	**3,586**	2,913
	3,586	2,913

Notes to the financial statements

21 Provisions (continued)

(a) Aggregate employee entitlement benefits
Aggregate employee entitlements include benefits measured at present values of future amounts expected to be paid based on projected weighted average increase in wage and salary rates over an average period of 10 years. Present values are calculated using a weighted average rate of 3.672% 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.

22 Deferred tax liabilities

	2012 $000's	2011 $000's
The balance comprises temporary differences attributable to:		
Prepayments	**54**	369
Inventories	**1,356**	1,651
Investment property	**-**	15
Depreciation	**647**	793
Foreign exchange	**-**	958
Other	**-**	45
	2,057	3,831
Cash flow hedges	**1,799**	3,064
Total deferred tax liabilities	**3,856**	6,895
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	**(3,856)**	
Net deferred tax liabilities	**-**	
Movements		
Opening balance at 1 May	**6,895**	2,503
(Credited)/charged to income statement	**(2,115)**	2,127
Foreign exchange difference on translation	**341**	(265)
Charged/(credited) to other comprehensive income	**(1,265)**	2,530
Closing balance at 30 April	**3,856**	6,895

23 Contributed equity

	2012 $000's	2011 $000's
(a) Share capital		
Fully paid Ordinary B Class Shares	**107,819**	104,256

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

Date	**Details**	**Number of shares**	**Issue price**	**$000's**
1 May 2010	Balance	53,332,341		101,017
30 July 2010	Dividend Reinvestment	1,369,647	$ 2.37	3,239
30 April 2011	**Balance**	**54,701,988**		**104,256**
29 July 2011	Dividend Reinvestment (i)	795,048	$ 3.36	2,671
5 August 2011	Share issue offer (ii)	265,356	$ 3.36	892
30 April 2012	**Balance**	**55,762,392**		**107,819**

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

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

23 Contributed equity (continued)

(ii) Share Issue Offer

On 6 July 2011, Ricegrowers Limited issued a prospectus for the issue of B Class shares to existing shareholders and RMB Equity holders. As at 27 July 2011 this resulted in 265,356 fully paid shares being issued at a price of $3.36. 190,960 ($641,627) were paid for from the conversion of RMB Equity and 74,396 shares ($249,970) were 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 2012, 889 (2011: 794) A Class shares were on issue.

(c) Capital risk management

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

The objective of the Board is to continue to reduce Ricegrowers Limited's gearing ratio to around 30% within the next four years. The Board has not determined how to raise the capital to achieve the lower gearing ratio, however it is considering using one or more of the following options; paddy price reductions, retained earnings, reduction in future dividends on B Class shares, raising external capital and reducing working capital.

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

The gearing ratios at 30 April 2012 and 30 April 2011 were as follows:

	Notes	2012 $000's	2011 $000's
Total borrowings	20	**203,426**	257,212
Add: amounts owing to the RMB for equity certificates	19	**18,759**	30,641
Less: cash and cash equivalents	8	**(29,170)**	(15,820)
Net debt		**193,015**	272,033
Total equity		**292,924**	265,554
Gearing ratio		**66%**	102%

The gearing ratio at 30 April 2012 is at 66% compared to 102% at April 2011. The reduction is mainly due to lower working capital and an increase in equity driven by higher profits.

24 Reserves and retained profits

Reserves	2012 $000's	2011 $000's
General reserve	**28,453**	28,453
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(16,825)**	(19,157)
Hedging reserve - cash flow hedges	**2,573**	6,390
	19,118	20,603

(a) Movements

	2012 $000's	2011 $000's
Foreign currency translation reserve		
Balance 1 May	**(19,157)**	(16,254)
Net exchange difference on translation of overseas controlled entities	**2,332**	(2,903)
Balance 30 April	**(16,825)**	(19,157)
Hedging reserve - cash flow hedges		
Balance 1 May	**6,390**	704
Revaluation and transfer to profit and loss - gross	**(5,453)**	8,123
Deferred tax	**1,636**	(2,437)
Balance 30 April	**2,573**	6,390
Retained profits		
Balance 1 May	**130,373**	129,682
Net profit for the year	**31,783**	12,691
Dividends provided for or paid	**(9,846)**	(12,000)
Balance 30 April	**152,310**	130,373

Notes to the financial statements

24 Reserves and retained profits (continued)

(b) Nature and purpose of reserves

(i) Asset revaluation reserve

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

(ii) General reserve

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

(iii) Foreign currency translation reserve

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

(iv) Hedging reserve - cash flow hedges

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

25 Franked dividends

	2012	2011
	$000's	$000's
Dividend declared during the year ended 30 April 2012 of 18.0 cents (2011: 22.5 cents) per fully paid share	**9,846**	12,000

The dividend of $9,846,358 (2011: $11,999,782) relates to a dividend declared and paid in respect of the 2011 (2011: 2010) financial year and was fully franked.

The franked portions of the final dividend recommended after 30 April 2012 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 April 2013:

	2012	2011
	$000's	$000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2011 - 30%)	**46,837**	35,822

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax,
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

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

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $4,301,670 (2011 – $4,219,868).

26 Contingencies

Contingent liabilities
The estimated maximum amounts of contingent liabilities not provided for in the financial statements of the Group as at 30 April 2012 are:

	2012	2011
	$000's	$000's
Letters of credit	**649**	701
Guarantee of bank advances	**1,586**	1,512
	2,235	2,213

27 Commitments for expenditure

	2012 $000's	2011 $000's
(a) Capital commitments (property, plant and equipment)		
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	**2,804**	2,187

(b) Lease commitments

	2012 $000's	2011 $000's
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	**8,357**	8,618
Later than one year but not later than five years	**18,672**	15,213
Later than five years	**6,524**	6,055
	33,553	29,886
Representing:		
Cancellable operating leases	**33,553**	29,886
Commitments in relation to finance leases are payable as follows:		
Within one year	**909**	859
Later than one year but not later than five years	**581**	1,361
Minimum lease payments	**1,490**	2,220
less: future finance charges	**(143)**	(307)
Recognised as a liability	**1,347**	1,913
Representing lease liabilities:		
Current (note 20)	**798**	677
Non current (note 20)	**549**	1,236
	1,347	1,913

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

28 Employee benefits

(a) Employee benefits and related on cost liabilities

	2012 $000's	2011 $000's
Provision for employee benefits (note 21)		
Current	**11,715**	9,189
Non-current	**3,586**	2,913
Aggregate employee entitlement benefits	**15,301**	12,102
Employee numbers	**Number**	**Number**
Average number of employees during the year	**1,858**	1,784

(b) Superannuation plan/commitments

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

Notes to the financial statements

29 Investments in subsidiaries

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

Subsidiaries

Name of entity	**Country of Incorporation**	**Principal activities**	**Direct/indirect interest in ordinary shares/equity**	
			2012	2011
			%	%
SunRice Trading Pty Ltd	Australia	Distribution of rice	**100**	100
SunFoods LLC	USA	Processing and distribution of	**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.

30 Related party transactions

(a) Parent entity
The ultimate parent entity and controlling party within the Group is Ricegrowers Limited.

(b) Subsidiaries
Interests in subsidiaries are set out in note 29.

(c) Directors and other Key Management Personnel

(i) Directors and other Key Management Personnel compensation

	2012	2011
	$	$
Short term employee benefits	**4,202,845**	3,455,937
Post-employment benefits	**195,256**	156,531
Other long-term benefits	**450,588**	352,441
Share-based payments	**-**	-
	4,848,689	3,964,909

Detailed remuneration disclosures are provided in note 17 and 18 of the Directors report.

(ii) Share holdings

Director	**Directors' and other KMP interests in A and B Class shares of Ricegrowers Limited**			
	2012		**2011**	
	A Class Shares	**B Class Shares**	A Class Shares	B Class Shares
GF Lawson AM	**1**	**330,139**	1	330,139
DM Robertson	**1**	**224,539**	1	224,539
GA Andreazza (appointed 25 August 2011)	**1**	**80,279**	-	-
LJ Arthur	**1**	**233,818**	1	234,818
NG Graham	**1**	**100,897**	1	100,897
RA Higgins AO	**-**	**31,436**	-	29,838
GL Kirkup	**1**	**67,424**	1	67,424
GF Latta AM	**-**	**29,838**	-	29,838
AD Walsh	**3**	**500,350**	4	473,319
Former directors				
G Helou (resigned 14 September 2011)	**-**	**-**	-	54,000
N McAllister (retired 25 August 2011)	**-**	**-**	2	319,084

Notes to the financial statements

30 Related party transactions (continued)

(ii) Share holdings (continued)

Other Key Management Personnel	**2012**	2011
	B Class Shares	B Class Shares
M Bazley	**19,491**	18,500
B Hingle	**11,000**	11,000
D Keldie	**14,784**	14,784

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

Issuing entity	**2012**	2011
Ricegrowers Limited	**28,619**	1,284

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, their related entities and other Key Management Personnel at balance date were:

Issuing entity	**2012**	2011
Ricegrowers Limited	**1,644,004**	1,908,191

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

(iii) Transactions with Directors and other Key Management Personnel

Transaction type and class of other party	**2012**	2011
	$000's	$000's
Purchases of rice from Directors	**4,533**	3,200
Purchases of grain from Directors	**93**	282
Sale of inputs to Directors	**196**	159
Sale of stockfeed to Directors	**30**	22

There were no transactions with other Key Management Personnel.

Ricegrowers Limited
& Controlled Entities
ABN 55 007 481 156

Notes to the financial statements

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

	2012 $000's	2011 $000's
Profit for the year	**33,911**	13,099
Depreciation and amortisation	**21,648**	21,392
Loss/(gain) on sale/disposal of property, plant and equipment	**1,039**	(188)
Fair value revaluation of investment property	**1,500**	(50)
Impairment of non-current assets	**7,799**	(1,029)
Share of associate's net loss	**85**	296
Changes in operating assets and liabilities, net of effect of acquisition of business		
(Increase) in trade and other receivables	**(1,379)**	(4,700)
(Increase) in inventories	**(22,163)**	(21,988)
Increase in amounts payable to growers	**20,274**	51,163
Increase/(decrease) in trade and other creditors and employee entitlements	**23,193**	(5,795)
Increase/(decrease) in provision for income taxes payable	**16,524**	(2,941)
(Increase)/decrease in deferred tax balances	**(1,950)**	2,729
Net cash inflows from operating activities	**100,481**	51,988

32 Earnings per share

(a) Basic and diluted earnings per share

	2012 Cents	2011 Cents
Basic and diluted earnings per share	**57.3**	23.3

(b) Reconciliation of earnings per share

	2012 $000's	2011 $000's
Profit for the year	**31,783**	12,691

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

	2012 000's	2011 000's
Weighted average number of B Class shares	**55,499**	54,364

33 Subsequent events

On 18 June 2012 the Directors declared a fully franked final dividend of 18.0 cents per share. The financial impact of this dividend will be recognised in the 2013 financial statements.
The Directors are not aware of any other matter or circumstance, since the end of the financial year, not otherwise dealt with in the report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

Notes to the financial statements

34 Parent entity information

(a) Summary financial information
The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $000's	2011 $000's
Balance sheet		
Current assets	**458,394**	439,529
Total assets	**561,407**	560,557
Current liabilities	**226,199**	262,954
Total liabilities	**336,077**	353,321
Shareholders equity		
Issued capital	**107,819**	104,256
Reserves		
General reserve	**18,657**	18,657
Hedging reserve - cash flow hedges	**2,979**	6,749
Retained earnings	**95,875**	77,574
	225,330	207,236
Profit for the year	**28,145**	3,118
Total comprehensive income	**24,377**	8,970

(b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	**-**	-

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank loans, foreign exchange facilities and bank overdrafts for the following subsidiaries which comprise the Obligor Group :
- Riviana Pty Ltd
- Rice Research Australia Pty Limited
- Solomons Rice Company Limited
- Sunshine Rice Inc.

No liability has been recognised at balance date.

(c) Contingent liabilities of the parent entity

	2012 $000's	2011 $000's
Letters of credit	**-**	701
Guarantee of bank advances	**692**	692
	692	1,393

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

As at 30 April 2012, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $846,000 (30 April 2011 – $420,000). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

Notes to the financial statements

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 Australian Rice (RM&M Au Rice)
The milling, marketing and distribution of rice from Australian sources through intermediaries to consumers and directly to food service and processing customers where the supply of Australian rice is a key driver of the economies of the business.

Rice Milling & Marketing Global (RM&M Global)

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

Riviana Foods (Riviana)
The importation, manufacture, distribution and sales of consumer food products to intermediaries.

Australian Grain Storage (AGS)
The receival and storage of paddy rice and non-rice grain in Australia.

CopRice

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

All other segments.
Segments that do not meet the quantitative thresholds set by AASB 8.

The Corporate Management Team evaluates results based on NPBT which is defined as net profit before tax and intersegment eliminations.
Interest allocations to CopRice, RM&M Global, RM&M Au Rice and the 'other' segment are based on a computation of working capital and fixed capital employed multiplied by Ricegrowers Limited's variable interest rate on seasonal borrowings. The finance charge is designed to reflect the true cost of capital employed in each segment.
Sales between segments are carried out at arms length and are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements. Other revenue refers to management fees, dividends and sale of corporate assets.The segment result includes an asset financing charge that is allocated to the appropriate segment.

Changes from prior periods
The Corporate Management Team has changed the measure for segment results from contributed EBIT to NPBT. The change in this measure has resulted in a lower result from each segment as these results now include an allocation for financing expense, centralised corporate services and one off expenses and income. Prior year numbers have been restated.

The Corporate Management Team has determined that the RM&M Au Rice segment has different economic characteristics from the other businesses in the RM&M Global segment. The RM&M Au Rice segment therefore warrants dis-aggregation from the RM&M segment presented in prior years. The 2011 crop is the first crop since the introduction of segment reporting to be of a significant size and, as a result, the nature of the business and the decisions required to be made have changed due to the obligation RM&M Au Rice has as the sole buyer of the last resort. This obligation does not exist in any of the other businesses in the RM&M Global segment. Prior year numbers have been restated to reflect this change.

The CopRice segment has been disclosed this year due to it meeting the quantitative thresholds prescribed by AASB 8. Prior year numbers have been restated and include the CopRice segment.

Notes to the financial statements

35 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2012.

	RM&M Au Rice $000's	RM&M Global $000's	Riviana $000's	AGS $000's	CopRice $000's	All other segments $000's	Total $000's
Total segment revenue	452,108	356,375	146,109	60,164	97,997	77,768	1,190,521
Inter-segment revenue	(131,464)	(6,300)	-	(55,417)	-	(398)	(193,579)
Revenue from external customers	320,644	350,075	146,109	4,747	97,997	77,370	996,942
Other revenue							3,428
Total revenue from continuing operations							1,000,370
Contributed EBIT	38,300	31,013	16,324	13,224	14,647	7,239	120,747
Finance expense (net)	(5,661)	(2,900)	(1,848)	(1,993)	(1,627)	(1,758)	(15,787)
Centralised corporate services	(18,454)	(12,668)	(4,157)	-	(4,350)	(1,865)	(41,494)
Impairment of assets	(3,542)	(1,882)	(570)	-	-	(1,805)	(7,799)
Fair value adjustment	(1,500)	-	-	-	-	-	(1,500)
Other (expenses)/income	6,858	(240)	(139)	(7,732)	(18)	(1,213)	(2,484)
Contributed NPBT	16,001	13,323	9,610	3,499	8,652	598	51,683
Intersegment eliminations							2,952
Profit before income tax							54,635
Depreciation and amortisation	(5,949)	(3,408)	(1,628)	(6,922)	(1,384)	(2,358)	(21,649)
Acquisitions of property, plant and equipment	3,419	2,262	6,268	1,016	538	808	14,311
Segment assets	459,805	96,549	89,091	111,858	31,837	45,990	835,130
Intersegment eliminations							(91,931)
Deferred tax assets							13,580
Total assets							756,779
Segment liabilities	202,705	26,031	27,360	55,748	3,607	16,553	332,004
Intersegment eliminations							(89,255)
Current tax liability							17,680
Deferred tax liabilities							-
Borrowings							203,426
Total liabilities							463,855

Revenues of approximately $121,070,000 (2011: $101,871,000) are derived from a single external customer. These revenues are attributable to the RM&M Au Rice, RM&M Global and Riviana segments.

35 Segment information (continued)

The following table sets forth the segment results for the year ended 30 April 2011.

	RM&M Au Rice $000's	RM&M Global $000's	Riviana $000's	AGS $000's	CopRice $000's	All other segments $000's	Total $000's
Total segment revenue	145,466	612,127	143,405	23,051	76,117	73,036	1,073,203
Inter-segment revenue	(9,412)	(237,339)	-	(19,298)	-	(214)	(266,261)
Revenue from external customers	136,054	374,789	143,405	3,753	76,117	72,823	806,942
Other revenue							2,407
Total revenue from continuing operations							809,349
Contributed EBIT	(8,427)	34,391	19,436	5,451	9,289	10,932	77,997
Finance expense (net)	(6,014)	(9,947)	(1,791)	(1,944)	(1,700)	(2,031)	(23,427)
Centralised corporate services	(9,279)	(15,713)	(4,021)	-	(4,284)	(2,000)	(35,296)
Impairment reversal	1,029	-	-	-	-	-	1,029
Other (expenses)/income	(18)	1,196	(169)	-	(25)	-	984
Contributed NPBT	(22,709)	9,927	13,455	3,507	3,280	6,901	21,287
Intersegment eliminations							6,608
Ebro scheme costs							(3,471)
Profit before income tax							17,500
Depreciation and amortisation	(5,721)	(3,248)	(1,500)	(7,055)	(1,411)	(2,457)	(21,392)
Acquisitions of property, plant and equipment	2,306	1,806	2,100	136	410	1,220	7,978
Segment assets	382,344	150,045	89,033	109,210	29,653	46,769	807,054
Intersegment eliminations							(78,957)
Deferred tax assets							16,888
Total assets							744,985
Segment liabilities	155,274	22,392	30,174	63,533	3,174	13,143	287,690
Intersegment eliminations							(73,588)
Deferred tax liability							6,895
Current tax liability							1,221
Borrowings							257,213
Total liabilities							479,431

Other segment information - geographical areas

	Australia $000's	PNG $000's	Other $000's	Total $000's
2012				
Revenues from external customers	**343,638**	**241,506**	**411,798**	**996,942**

	Australia $000's	PNG $000's	Other $000's	Total $000's
2011				
Revenues from external customers	368,200	211,617	227,125	806,942

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 $189,654,000 (2011: $182,401,000) and the total of these non-current assets located in other countries is $16,716,000 (2011: $38,191,000). 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:

(a) Assurance services

Audit services	**2012**	2011
	$	$
Fees paid to PricewaterhouseCoopers Australian firm	**265,500**	263,500
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**137,422**	120,095
Fees paid to non-PricewaterhouseCoopers audit firm	**13,107**	13,145
Total remuneration for audit services	**416,029**	396,740
(b) Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	**5,000**	102,800
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	10,894
Total remuneration for other assurance services	**5,000**	113,694
Total remuneration for assurance services	**421,029**	510,434
(c) Taxation services		
Fees paid to PricewaterhouseCoopers Australian firm	**200,885**	542,339
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**38,003**	16,721
Total remuneration for taxation services	**238,888**	559,060

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

Independent auditor's report to the members of Ricegrowers Limited

Report on the financial report

We have audited the accompanying financial report, of Ricegrowers Limited (the company), which comprises the balance sheet as at 30 April 2012, the income statement, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration for 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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.

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.

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Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 April 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 4 to 8 of the directors' report for the year ended 30 April 2012. 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 Group for the year ended 30 April 2012, 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 Group (the consolidated entity) for the year ended 30 April 2012 included on Ricegrowers Limited web site. The company's directors are responsible for the integrity of the Ricegrowers Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the 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 — 18 June 2012

S J Bourke
Partner

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