The Rice Food Experts





Annual Report 2007



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About this Report

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

In this report, 'the year', 'this year', '2006/07', 'crop year 2006', 'C06' all refer to the Financial Year ended 30 April 2007.

Ricegrowers Limited trading as SunRice ABN 55 007 481 156



The Rice Food Experts



Innovation

SunRice is a dynamic rice food company driven to deliver unbeatable products and services.

Through innovation, SunRice develops great tasting, convenient and nutritious foods, that excite and satisfy consumer needs.

This year's annual report celebrates the development of creative ideas in products and services and highlights SunRice's portfolio of rice food products available to consumers all over the world.

About SunRice

SunRice is one of the world's largest branded rice food companies, exporting high quality and innovative rice food products to over 60 countries around the world. SunRice sources rice for processing and marketing globally under the SunRice brand portfolio and subsidiary brands. Our history traces back to the establishment of Ricegrowers Co-operative Mills Limited in 1950.

SunRice is anchored in regional Australia and operates three rice mills in Leeton, Deniliquin and Coleambally. SunRice also operates a flour mill, packing plant, specialty rice food plant, rice cake factory and three CopRice animal feed mills.

Our Corporate Goals

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

Our Corporate Values

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

What sets SunRice apart as a business is its portfolio of leading brands across the world

* Licenced in Australia

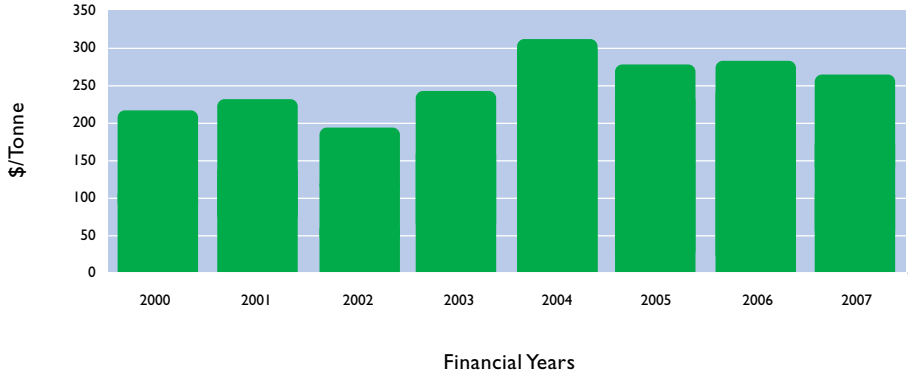
The Rice Food Experts



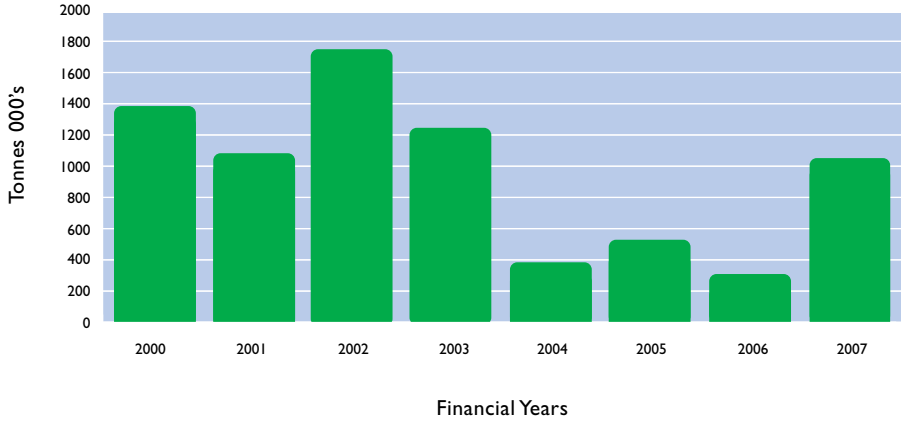
Highlights

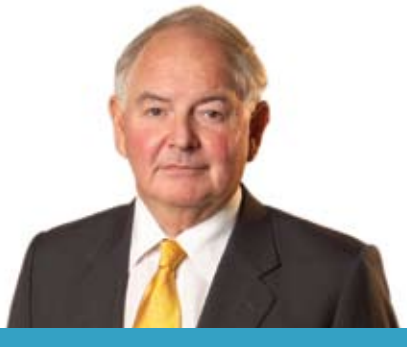
- **Solid financial performance with a return to normal rice production levels**
- **Average Medium Grain return to growers of $265 per tonne for the 2006 Crop**
- **Returned a dividend of 21.5 cents per B Class Share**
- **Strong brands in key markets**
- **Continued innovation and Rice Food product development**
- **Strong performance by CopRice and subsidiary companies Riviana Foods and Trukai Industries**
- **Successful global trading in international markets**

Average Medium Grain Return Per Tonne



Paddy Delivered





Chairman's Message

The highlight of the year was the welcome return to normal rice production levels in the Riverina after three years of continuous drought.

The 2006 rice crop produced 1,037,557 tonnes and I am pleased to report that we delivered an average medium grain paddy return of $265 per tonne. This is a significant achievement, representing the highest ever paddy return paid to rice growers for a crop of over one million tonnes.

All areas of the business performed well. Global trading was an important profit generator and provided a strong platform to defend our brands around the globe. Brand share increased in the domestic and international markets with a comeback to Australian rice proving a major catalyst for growth.

SunRice's strong performance in 2006/07 is attributable to prudent planning and an unwavering commitment, by the Board and management, to maximise returns to Australia's rice growers and SunRice shareholders.

Rice for Life

Today, about three billion people depend on rice for their survival. It is hard to imagine a more important crop for sustaining humanity than rice.

All Australian rice growers should be very proud of their capacity to convert water into a staple food that feeds millions of people around the world.

Global demand for rice continues to increase whilst at the same time world rice supply is at threat. Across the world farmland is being lost to urban development, biofuels are replacing the production of food crops, climate change is affecting water availability and all this is taking place during a period of rapid population growth.

Against this backdrop of change, food production is becoming increasingly significant; particularly rice production as it sustains more than half the world's population. For this reason, we can remain confident in a positive future in the efficient and sustainable production of rice in Australia and in a prosperous future for our business.

Securing Our Business for the Future

SunRice is focused on initiating growth strategies for the benefit of our business, our shareholders and our growers.

A strong permanent capital base provides a secure platform from which the business can make sound decisions and long-term commitments. Accordingly, in 2006, we announced the commencement of a five-year capital raising program which, amongst other things, was aimed at maximising the conversion of maturing Rice Bonds into permanent capital.

In October 2006, we issued a Prospectus for the issue of B Class Shares to existing SunRice shareholders. Shareholders took up $7.7 million of new capital, funded by cash, Rice Bonds and maturing RMB equity. This is a great result, given the drought induced difficult conditions which may have restricted the ability of many shareholders to participate in the offer.

We intend to continue our capital raising program in 2007 to increase the level of permanent capital in the business, so that we may be well positioned to seize opportunities to grow the business.

Australian Grain Storage Pty Ltd

In June 2006, SunRice completed the purchase of paddy storage sheds from the Rice Marketing Board for the State of NSW. SunRice subsidiary, Australian Grain Storage Pty Ltd (AGS), owns and operates the facilities. The purchase of the sheds provides further diversity for our business and secures our storage requirements.

Water Matters

After such a good 2006 harvest, it was devastating to see a return to severe drought conditions for the 2006/07 rice-growing season.

Winter and spring rainfall across the Riverina, and in our catchment areas was well below average and, in some places, at record low levels.

Inflows into Murray and Murrumbidgee Valley storage dams were very low, resulting in a 0% water allocation in the Murray Valley and 15% water allocation in the Murrumbidgee Valley, prior to rice planting.

Unfortunately, dry conditions continued and after sowing, the NSW Department of Natural Resources announced a reduction of 50% to carryover water in the Murray Valley and a 5% reduction to allocations in the Murrumbidgee Valley. This resulted in significant dewatering of rice and large financial losses resulting from input costs. Thankfully 166,707 tonnes of rice was produced against the adversity of a very challenging season for all growers.

The Rice Food Experts

All Australian rice growers should be very proud of their capacity to convert water into a staple food that feeds millions of people around the world

I want to thank all rice growers who were able to persist during this most difficult growing season. I hope your straw sold well and we can look forward to a huge wheat crop on the rice land.

Deregulation

On 1 July 2006, the domestic rice market was deregulated. From that date onwards, New South Wales rice growers could sell their rice to any Authorised Buyer licenced by the Rice Marketing Board for the State of NSW.

SunRice was well prepared for deregulation and worked hard to maintain a strong customer base and ongoing support from New South Wales rice growers.

Bruce Barber

I would like to acknowledge the contributions of retiring Board member, Bruce Barber. Of particular note is Bruce's extraordinary contribution as Chairman of the Solomons Rice Company and Director of Trukai Industries. Thanks to Bruce's unwavering interest and passion, these are both very successful subsidiaries of SunRice. He has always looked forward and has embraced change for the good of all.

Bruce's wisdom, counsel and support over the past twenty-three years has been invaluable to SunRice. We extend to Bruce, Ruth and family, our best wishes and sincere thanks.

Sincere Appreciation

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

I also thank our Chief Executive Officer, Gary Helou, who continued to provide outstanding leadership in 2006/07, and the Corporate Management Team, and all SunRice employees, for their passion and commitment to the business. I would particularly like to thank and acknowledge Brian Troy and Paul Maytom for their respective forty years of service to SunRice.

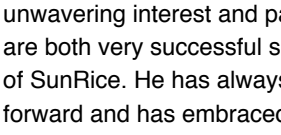
I would also like to thank Noel Graham, Chairman of the Rice Marketing Board for the State of NSW, and Laurie Arthur, President of the Ricegrowers' Association of Australia Inc., for their significant contribution to the industry.

My sincere thanks to Ian Macdonald, (NSW Minister for Primary Industries) and Kay Hull MP (Federal Member for Riverina). Thanks also to our politicians, Sussan Ley MP (Federal Member for Farrar), Adrian Piccoli MLA (NSW Member for Murrumbidgee), Tony Catanzariti MLC and Peter Black MLA (former NSW Member for Murray Darling).

I thank Murrumbidgee Irrigation, Murray Irrigation Limited and Coleambally Irrigation for their commitment towards maximising the availability of water for the production of rice in 2006/07.

On a Final Note

SunRice is a very sound business with strong brands, a diverse range of products, wonderful people, good relationships and extensive global reach. Humans will always have to eat and our premium products and brands, innovative marketing and our strategies for profitable growth position us well for the future.



Gerry Lawson
Chairman











CEO's Message

The return to normal Australian rice production in 2006 was a great positive after three years of drought. SunRice mobilised its resources, at home and internationally, to build on its successful franchise in rice and rice foods.

Strong performance across all our business units was a great highlight. Our Table Rice business continues to lead and grow across all segments and geographies. SunRice's Global Trading division is now a permanent and integral business and profit generator. Riviana and CopRice registered record sales and profits in the face of tight competition. SunRice's rice cakes and "ready-to-eat" rice meals continue to grow in size and profitability, providing solid platforms for future growth.

Our people continue to respond admirably to the constant volatility and unpredictability of the modern day agribusiness environment, and remain enthused and committed to making SunRice the 'World's Favourite Rice Food Company.'

Marketing

In the Australian market, the SunRice brand continues to lead and innovate in the Rice and Rice Food categories. SunRice was able to successfully launch and execute a number of exciting product and promotional ideas that delivered growth and value to customers and consumers despite the increasingly competitive market environment.

The extension of the "ready-to-eat" SunRice 90-second World Rice product range, coupled with packaging and rice varietal mix innovation in Table Rice, were significant contributors to SunRice's commercial success in 2006. The rapid growth in our rice and corn cakes business continues to bolster SunRice's brand credentials. SunRice continued its leadership, through innovative application of product formulation and flavour development, in this evolving snacking category.

In Asia, the Pacific and the Middle East, SunRice remains the dominant medium grain brand. This year we were able to drive consumption and reinforce our market share in these important strategic geographies, through initiatives promoting the return to Australian grown rice.

Global trading continued to be a strong element of our supply chain, complementing our Australian sourced rice, and ensuring supply coverage across all of our international markets. This division has been integrated into our supply and demand systems, as a permanent and strategic platform to deliver global sourcing and growth, in an environment of tightening global rice supply.

Our subsidiary company, Trukai Industries, continues to be the leading rice company in Papua New Guinea (PNG). Strong sales growth was the result of many commercial initiatives, supplemented by highly effective supply chain logistics, which are essential in PNG's diverse geographical landscape. Trukai's strong franchise, built on quality and value, is further enhanced by our engagement with the wider population through a number of community based activities, including sports, social and agricultural development programs.

Riviana Foods posted another year of record sales and profit despite unprecedented pressure from competition. The Always Fresh flagship brand remains a category leader by innovating and widening its application in the exciting Mediterranean Food category, namely olives and pickled vegetables. Riviana Foods further consolidated its solid position within the retail sector by acquiring the Palms Vinegar business, making it one of the Australia's largest producers of vinegar.

CopRice, our stockfeed and companion animal feed business, also registered a record sales and profit year. Significant growth occurred in all sectors, and especially in the dairy, beef and sheep segments. Particularly pleasing, is the continued profitable growth of the extruded pet food business.











The Rice Food Experts

SunRice was able to successfully launch and execute a number of exciting product ideas that delivered growth and value to customers and consumers…



Operating Excellence

Our Operations Group delivered great results across the wide range of activities including paddy receival, milling, supply chain management and the Specialty Rice Foods Group.

The Operations Group was able to re-build the capacity to process a normal crop with minimal delays or incremental cost. Our core permanent employees contributed to our success by providing training and leadership to the new employees engaged to assist with the increased activity.

Most pleasing was the improved performance and efficiency in the "ready-to-eat" meals and rice cake plants. Improved output, and reduced waste, helped deliver the much improved profitability in our Specialty Rice business.

Our newly formed company, Australian Grain Storage Pty Ltd (AGS) will be another area of focus in 2007 as we expand our storage and logistics services to the wider grain sector in the NSW Riverina region.

The SunRice "Six Sigma" program delivered great results in Australia and overseas. Improved productivity and reduced waste, particularly in the Specialty Rice Food Group plants, were a direct outcome of our strategic "Six Sigma" drive.

SunRice continued to adopt and implement best practice safety and quality management across its operations. Safety management is a major organisational goal. Accordingly, ongoing behavioural-based safety programs were implemented this year and health awareness initiatives were rolled out across a number of sites. All sites are now certified under the international accreditation of the American Institute of Baking (AIB). The Supply Chain Group performed very well in reconfiguring Australian and international logistic channels to cope with fluctuating global trading requirements.

Focus on People

In conclusion, our employees delivered a very successful 2006 year. Despite the variability of weather, and the volatility of Australian rice production, SunRice people responded admirably and with great commitment.

Like every year, employees were once again recognised for individual and team achievements through the SunRice Employee Awards. Very warm congratulations go to this year's overall winner Peter Newton, whose superb efforts were instrumental in developing extruded dog food products and taking CopRice's pet food extrusion plant to full capacity.

The Future

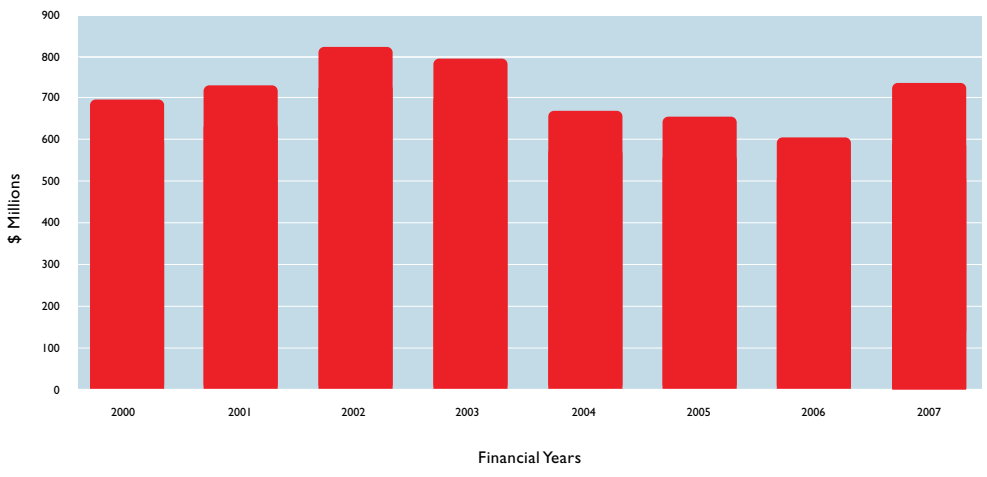
The welcome return to a normal Australian rice crop was a major boost to our brands and operations, both nationally and internationally. We have fantastic people, strong brands and exciting plans for a great future. We aim to be the 'World's Favourite Rice Food Company' by building on our foundation and promise to deliver value and innovation to our customers and shareholders.

I sincerely thank my Chairman, Gerry Lawson and the Board of Directors for their continued leadership and support. I also thank my Corporate Management Team and all employees for their collective commitment and hard work.



Gary Helou
Chief Executive Officer

Sales Revenue



SunRice Around the World

Australia and New Zealand

Dynamic and creative ideas, designed to boost SunRice brand presence and attract support from customers and consumers, delivered strong results in Australia and New Zealand.

The business continued to focus on adding value to the SunRice brand through a robust innovations program and, despite competitive pressures from generic brands and cheap imports, SunRice was able to maintain a strong leadership position. In 2006/07 SunRice brand share continued to grow in the retail channels of Australia and New Zealand.

In 2006/07 SunRice brand share continued to grow in the retail channels in Australia and New Zealand

Table Rice

In the Table Rice category, growth was achieved through new product development and packaging innovation focused on delivering quality and value. The execution of an extensive promotional program also contributed to sales growth by encouraging consumers to experience new SunRice branded products.

Similar product extension and promotional strategies were deployed to retain SunRice's leadership positions in the Food Service and Food Ingredients channels.

Snacks & Meals

Consumer demand for SunRice's plain and flavoured rice and corn cakes continued to increase this year, resulting in a significant improvement in SunRice's position in this exciting snacking category.

The substantial increase in consumer demand has meant the rice cake manufacturing plant has had to be expanded to meet the increased demand for the variety of products that define this fast growing category.

SunRice has attained market leadership in the Microwave Rice segment with its expanding range of "ready-to-eat" rice products. The SunRice 90-second World Rices had a solid year of trading with the entire range gaining retail share in both Australia and New Zealand.

SunRice is well positioned to leverage the growing consumer demand for healthier and more convenient meals. Continued innovation in variety, flavour and packaging will enable SunRice to continue to build on its success and grow market share and profitability.

Opposite

Top Left: A still image from a New Zealand television campaign promoting SunRice's 90-second World Rice products

Top Right: SunRice pallet promoters launched in New Zealand provide maximum exposure in the marketplace

Lower: A still picture from the SunCreations advertising campaign demonstrates convenience in cooking preparation











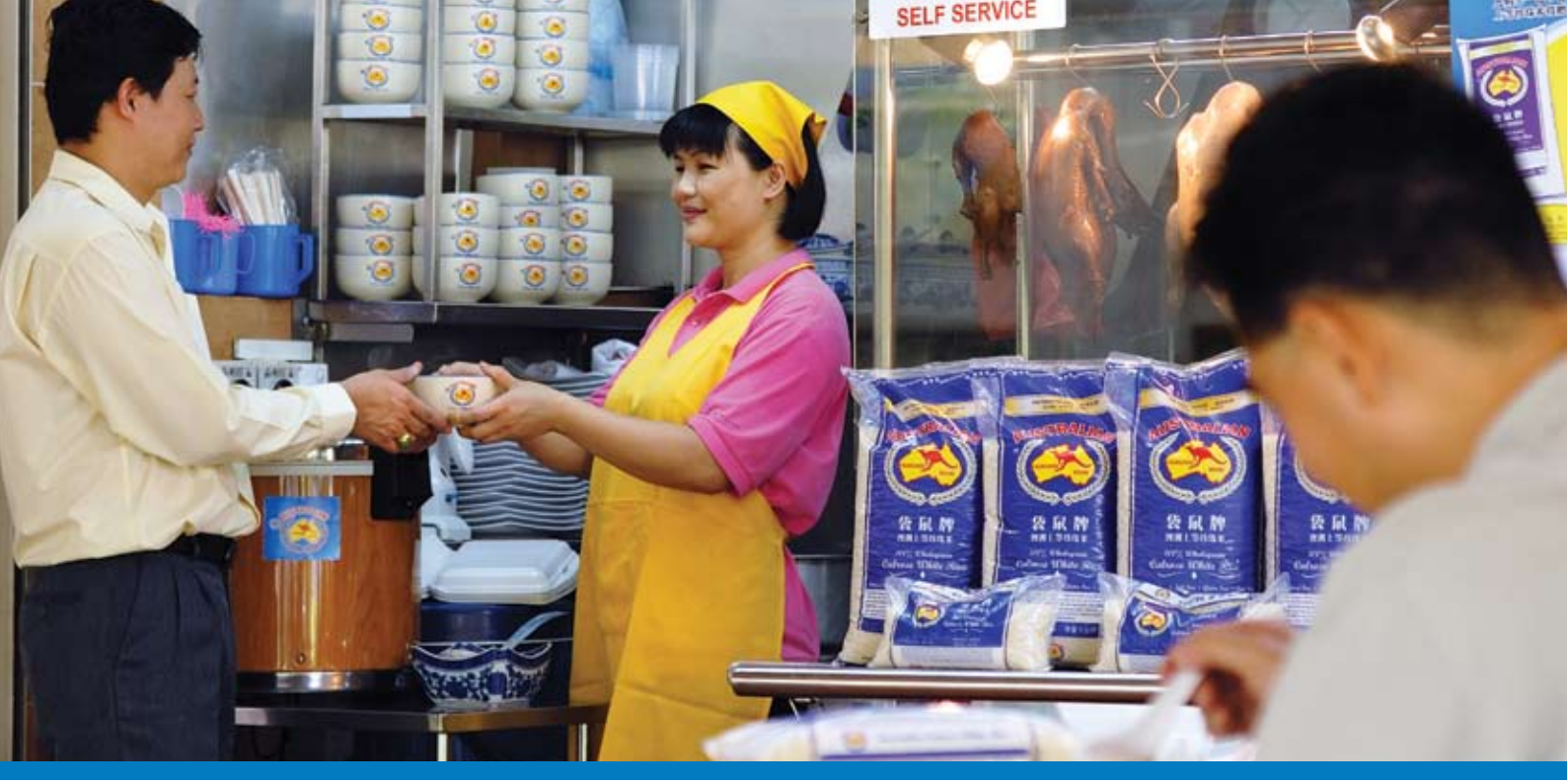
The Rice Food Experts

The execution of an extensive promotional program also contributed to sales growth by encouraging consumers to experience new SunRice branded products









SunRice Around the World

Asia and the Pacific

In Asia, business has improved through the ongoing strength of our branded products and promotional initiatives.

Singapore

In Singapore, the Kangaroo brand has dominated the medium grain segment of the market for more than three decades and continued its leadership position in 2006/07. Ongoing promotions, in major retail stores, maintained strong consumer awareness.

A key achievement for the year was addressing the consumer trend to adopt an 'eat-out' lifestyle, by securing a relationship with the popular food outlet 'Hainanese Delights'. This initiative provides maximum brand exposure through exclusively serving and marketing Kangaroo rice. Discussions with other food chains are now in progress to increase the number of food outlets that exclusively sell and promote Kangaroo.

South Korea, Taiwan and Japan

This year advancements were made in key Asian tender markets, with the establishment of minimum quotas for Australian rice in South Korea and Taiwan, and agreement with Japan to commence negotiations on the establishment of a comprehensive Free Trade Agreement with Australia.

In Singapore, the Kangaroo brand has dominated the medium grain segment of the market for more than three decades and continued its leadership position in 2006/07

Pacific

Targeted consumer promotions helped defend and grow market share in the Pacific region.

Increased market share was achieved by engaging our distributors and conducting consumer focused promotional activities. These activities included the rollout of the rice sculpture advertisements in Western Samoa and consumer prize promotions in Kiribati, Vanuatu, Micronesia and Western Samoa.

These promotions, coupled with strong business relationships, underpinned positive business results in the Pacific market and defended our brands against increasing competition.

Above: Kangaroo receives maximum exposure throughout the 'Hainanese Delights' food outlets in Singapore



SunRice Around the World

Middle East

The primary focus in the Middle East during the year was to defend SunRice's strong presence across the region and ensure Sunwhite remains prominent within the retail sector.

Sunwhite remains the dominant medium grain brand across the Middle East region with strong loyalty amongst customers and consumers

Whilst consumer markets in the Middle East have seen an increased presence of competitors, the return to Australian sourced rice has lead to improved market share. Sunwhite remains the dominant medium grain brand across the Middle East with strong loyalty amongst customers and consumers.

With a focus on the consumer business, innovative promotional initiatives were launched in 2006/07 to keep Sunwhite 'top-of-mind' for consumers. This included the launch of product promoters in the latter half of the year.

The Middle East remains an important market for SunRice and presents great opportunities for growth.

Global Trading

SunRice's trading activities continue to form a strategic supply chain to existing and new markets in all rice varieties. Despite the outlook of a tightening global rice supply, the SunRice Global Trading division delivered its targets in 2006/07, and ensured supply coverage across the international markets.

Above: Sunwhite product promoters were launched across the Middle East with pleasing results












Low Fat*
Gluten Free
Sun Rice
Long Grain
white rice
seconds
squeeze
tear
heat







The Rice Food Experts

The Speciality Rice Foods Group has improved its performance in the manufacturing of convenience rice foods and rice cakes

Our Operations

SunRice operations efficiently received, processed and packed the 2006 crop across the Riverina and reconfigured mills and staffing levels in the second half of the year to deal with the much reduced crop outlook for 2007.

World Class Facilities

SunRice continues to invest in technology to ensure facilities are at 'world class' standards. This includes our international operations in Papua New Guinea and Jordan.

Occupational safety, food safety and quality, and continuous improvement systems are benchmarked against models for best practice in food manufacturing.

Specialty Rice Foods Group

The Specialty Rice Foods Group has improved its performance in the manufacturing of convenience rice foods and rice snacks.

Efficiency has improved in the production of "ready-to-eat" meals and the challenges associated with introducing new products into production systems were met.

The rice cake plant saw improved output and processing efficiency, while investment in much needed additional capacity will be realised in 2007, to enable further growth in the rice cake market.

Best Practice

SunRice further progressed its best-practice systems for safety and quality management through the year.

Safety management remains a key focus for all Australian and international operating units and solid progress was made in driving the SunRice behavioural-based safety program to prevent workplace injuries. The business also embarked on health awareness program across a number of sites.

All sites in Australia are now certified under the international accreditation of the American Institute of Baking (AIB), which recognises Good Manufacturing Practice, food safety and quality system management. International operations also achieved Hazard Analysis and Critical Control Point (HACCP) certification during the year.

Supply Chain Management

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

The Supply Chain Group further improved SunRice's planning processes for integrating sales and operations to deliver efficiencies across the business. A number of new sourcing opportunities in the procurement area are expected to deliver benefits in 2007.

Six Sigma

The SunRice "Six Sigma" program has delivered its best year of productivity improvements since its launch in 2003. A number of "Six Sigma" projects, initiated in Australia and at SunRice's international operations, have resulted in improved efficiencies, waste reduction and process improvement.

Australian Grain Storage (AGS)

The grain handling operations of SunRice, now called Australian Grain Storage Pty Ltd (AGS), had a solid year commencing with a proficient 2006 harvest. The AGS operations showed ongoing improvement in productivity and cost control.

The acquisition of the grain sheds from the Rice Marketing Board for the State of NSW, in June 2006, will enable SunRice to pursue goals of increased revenue from non-rice grain.

Opposite

Top Left: SunRice's '90-second World Rice' packaging line located at the Specialty Rice Foods Group

Top Right: SunRice's Rice Flour Plant located at the Leeton Mill

Lower Left: Drive under bins located adjacent to AGS storage facilities are used to outload paddy rice for transport to mills

Lower Right: Every grain of rice is digitally scanned with colour sorters to make sure it's of the highest standard

Our Growers

Coming from a 2006 harvest which exceeded one million tonnes, our rice growers felt optimistic that the worst of the drought was behind them. The optimism soon faded with record dry conditions and cuts to allocation and carryover water availability for the 2007 crop.

Rainfall Deficiency Led to Record Low Inflows

The prolonged drought has delivered well below average rainfall and inflows to the Murray and Murrumbidgee Valley water storages for the last five years.

While there was improvement in 2005/06, resulting in a near normal level of rice production from the 2006 harvest, rainfall in the period May 2006 to April 2007 in the Murray and Murrumbidgee catchments, was well below average. This caused inflows to storage dams to be at devastatingly low levels, and led to the lowest water availability on record.

Guaranteed Minimum Return Offered

With intense competition for the small amount of water available and high water transfer prices, SunRice announced a guaranteed minimum price of $320 per tonne (medium grain) for the 2006/07 crop. This strategy made rice a very competitive crop choice and led to increased rice planting intentions.

Record Low Water Availability Cut Further

In the lead up to rice planting, Murray Valley growers had 0% allocation; Murrumbidgee Valley growers had 15%. In both valleys, growers had a significant amount of carryover water from the 2005/06 season and to support SunRice's need for rice, growers planted as much as they could. Over both valleys, around 23,500 hectares were planted.

The NSW Department of Natural Resources announced in mid October, after most crops were sown, that Murray Valley growers could only access 80% of their carryover water. In early November, a further cut of 32% to remaining Murray Valley carryover water was announced and Murrumbidgee Valley general security water allocation was reduced from 15% to 10%.

Most Murray Valley growers and some Murrumbidgee Valley growers had to abandon their rice crops – an estimated 7,000 hectares was dewatered with growers losing millions of dollars from input costs and the waste of around 40,000 megalitres of water. Following representations to the NSW Government, a $20 million Extraordinary Assistance Package was announced to provide financial assistance to qualifying growers affected by the water cuts.

Difficult Season had a Good Outcome

Growers who were able to keep their crops going had to battle extremely high evapotranspiration rates that led to many growers having to buy additional very expensive water to finish crops. They also endured a period of cool nights in January that could have caused sterility damage.

Around 16,700 hectares rice made it through to harvest and the yields achieved were exceptionally good. Overall 166,707 tonnes was produced at an average yield of 9.9 tonnes per hectare. Coleambally region growers showed their resilience and support by producing half of the total production. Excellent yields and high prices for rice provided an excellent return to growers. The rice straw was also keenly sought at record prices and the cereal crops planted after rice will have a moisture profile advantage over most other crops.

Rice Research Australia

Rice Research Australia Pty Ltd (RRAPL) continued its important role in 2006/07 with a focus on the following:

1. The development and testing of new rice varieties.

RRAPL established sites to screen rice varieties for cold tolerance and drought stress and also hosted rice breeding trials.

2. Production of Breeders' Seed for the SunRice Pure Seed Scheme.

Breeders' Seed for most current varieties was produced as well as significant quantities of the promising lines YRM68 and YRM69 for commercial milling trials.

3. Rice farming systems research.

RRAPL commenced multiplying winter cereal varieties for two major seed development companies and hosted a National Variety Trial for winter cereals.

Opposite

Above: Daryl Gibbs, Chairman, Rice Research and Development Committee and Dr. Xiaochun Zhao, Plant Breeding Institute, The University of Sydney, discussing aerobic rice lines at the International Cold Tolerance Workshop during a field trip at RRAPL

Lower Left: Keenly sought rice straw provided additional benefit to growers

Lower Right: RRAPL hosted the 2007 Rice Field Day in February, featuring cold tolerance and aerobic rice variety trials

The Rice Food Experts

Excellent yields and high prices for rice provided an excellent return to growers







SunRice employees were recognised for their individual and team achievements through the SunRice Employee Awards



















The Rice Food Experts

Our People

SunRice employees delivered excellent results in 2006/7. They demonstrated flexibility, initiative, and adaptability by successfully responding to the changed business conditions resulting from the 2006 crop.

Initiative

SunRice employees were recognised for their individual and team achievements through the SunRice Employee Awards. During the year, eighty-one nominations for individuals and thirty-six nominations for teams across the business were received. The overall site and team winners (see below) were announced in Leeton on 22 May 2007.

Sydney Office
Scott McLellan

Leeton Office & Engineering
James Maloney

Leeton Mill/ Coleambally Mill/ Rice Cakes
Rebecca Sandquest and Robert Lord

Deniliquin
Jessica Howard

Wamoon Avenue
Charlie Young

CopRice
Peter Newton

AGS
Michael McDermott

Team
Sales and Operations Planning Team, Bryan Napper, Scott McLellan, Mark Townsend, Ross Farlow and Jason Flemming.

Employee Award Winner
The overall Employee Award winner for C06 was Peter Newton for his outstanding contribution to the development of CopRice's pet food products.

Operating Excellence

The manufacturing areas were required to boost operations for the receival, processing, milling and packaging of a much larger domestic crop, compared to the previous year. The flexibility of the workforce was critical during this period of increased activity. Core permanent employees contributed to SunRice's success by training new employees to ensure they were equipped with the relevant technical and efficiency skills to manage the crop.

Recognition

During the year, service awards were given to employees to recognise their ongoing contribution to the success of our business. We recognised thirty-one employees with 5 years service, twenty-two employees with 10 years service, twelve employees with 15 years of service, six employees with 20 years service, six employees with 25 years service, one employee with 30 years of service, two with 35 years service and finally Brian Troy and Paul Maytom were recognised for 40 years of service to SunRice.

Innovation

User friendly training materials for use within SunRice's food manufacturing plants were developed this year through funding received from the Federal Government.

Over fifty employees, with the relevant technical experience and knowledge, captured and recorded the various manufacturing processes and then converted the information into easy-to-follow picture-process maps.

These process maps are used in all manufacturing operations and ensure SunRice continues to deliver the high standard in food safety and quality to customers.

Opposite
Above Left: Paul Maytom, Coleambally Mill Manager, is recognised for forty years of service to SunRice

Above Right: Brian Troy, Paddy Administration Officer, is recognised for forty years of service to SunRice

Lower Left: (from left to right) Graham Harvey, General Manager - Operations, Gary Helou - CEO, Peter Newton, Export and Technical Sales Manager – CopRice (C06 Employee Award winner), and Wayne Preston, Manager – CopRice

Lower Right: C06 Employee Team Award winners (from left to right) Jason Flemming, Mark Townsend, Bryan Napper, and Scott McLellan (absent Ross Farlow) with Graham Harvey, General Manager - Operations



Our Subsidiaries

Trukai Industries

Trukai Industries, Papua New Guinea's (PNG) largest and most successful rice marketer, expanded sales and share in all markets throughout PNG in response to increased consumer demand.

Growth in sales is attributable to improved country macroeconomics and marketing initiatives such as the "On Pack Token Promotion".

Operations

To support the strong sales growth, Trukai has continued to meet the challenge of managing a global supply chain through strengthening its capabilities and skills across a range of activities.

A highlight this year was the achievement of the Hazard Analysis and Critical Control Points (HACCP) accreditation for Trukai's food packaging system. The accreditation demonstrates a commitment from the business to deliver superior products to consumers.

During the year, a major engineering project designed to improve pre-cleaning of raw materials and final colour-sorting of finished product, was completed. The project delivers higher food safety and quality for Trukai products. All rice products for the PNG market are manufactured in PNG to international standards.

To support the strong sales growth, Trukai has continued to meet the challenge of managing a global supply chain...

The culture of safety at Trukai has been extended to include the development of a company wide HIV Aids awareness program.

Six Sigma

In 2006, Trukai successfully introduced the "Six Sigma" business improvement methodology. When fully implemented across the business, "Six Sigma" will deliver ongoing cost reductions together with improved processes, customer service and improved profitability.

Above: The winners of a recent Trukai promotion sail off in a 'banana boat' filled with rice. Banana boats are a common form of travel up and down PNG waterways and coastlines

The Rice Food Experts

Our Subsidiaries

Riviana Foods

Riviana Foods is a manufacturing, distribution, sales and marketing enterprise focusing on the grocery and food service sectors.

2006/07 heralded another record year for Riviana Foods, with the company achieving record revenue and earnings for the tenth consecutive year. Innovative products and the strategic acquisition of new business lines greatly enhanced Riviana's position within the retail and food service sectors. This was despite unprecedented pressure from customers and rising costs of raw material, packaging and transport.

A successful strategy of innovation and media coverage underpinned the growth for Always Fresh...

Retail

Riviana Foods further consolidated its solid position within the retail sector by acquiring the Palms Vinegar business, making it one of Australia's largest producers of vinegar and the major supplier of private label business. The company also became the exclusive distributor for the New Zealand owned Kato brand of chef-quality gourmet products, which proved a strong strategic fit for both companies.

A successful strategy of innovation and media promotion underpinned the growth for Always Fresh, Riviana Foods' market leading brand. The brand achieved a record share of 39.9% of the Pickled Vegetable market, and remained the key driver of category growth with the launch of new products such as Mediterranean Bean Salads, Deli Style Olives and Italian Crustini. The Admiral Fruit range was also relaunched with a contemporary new label design, and unique new products packed in glass, such as Melon Balls and Exotic Fruit Cocktail.

Food Service

The launch of several frozen products has further strengthened the presence of Riviana Foods within the catering industry and enabled entry into new markets. The business further consolidated its solid position by strengthening its relationship with key food service distributors, manufacturers and major franchises.

Resources

The move to the custom built Victorian head office and warehouse facilities, signifies an exciting milestone for Riviana and will facilitate the ongoing growth of this dynamic business. The new 'best practice' warehouse will deliver greater efficiencies, productivity and levels of customer service.

Riviana Foods remains committed to providing innovation, initiative and excellence to its customers, whilst remaining profitable to its shareholders.





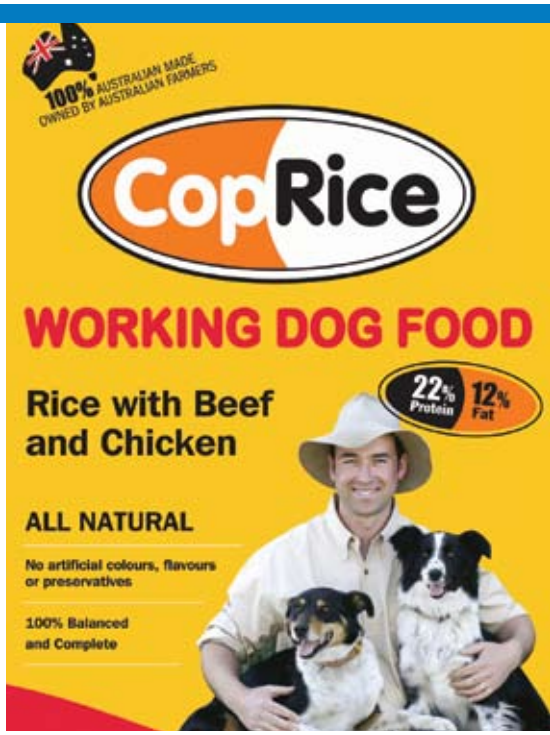






The CopRice Technical Sales Team continued to develop strong relationships with customers by delivering high service levels...







The Rice Food Experts

CopRice

CopRice, producer of stockfeed and companion products, experienced a record year in terms of sales volume, revenue and profits.

During 2006/07, significant sales growth occurred in all sectors, with strong performance in the dairy sector, growing use of CopRice feeds for beef and sheep feed-lotting and increased demand for CopRice specialty products.

This sales growth occurred against a backdrop of minimal availability of rice by-products. CopRice recognises that effective grain and commodity risk management is necessary. The establishment during the year, of a specialist central procurement function has enabled improved procurement control and the ability to leverage opportunities through deeper market analysis.

Customer Service

The CopRice Technical Sales Team continued to develop strong relationships with customers by delivering high service levels, valued nutritional support and meeting CopRice's promise to be a "Partner in Production". At Leeton, significant sales increases in dry extruded pet and horse foods, coupled with solid performance in sales of Max's Cat & Pet Litter, have contributed to the growth in the companion animal business.

Operations

CopRice achieved some major operational milestones during 2006. The successful launch of a small packaging facility in Leeton has added a further dimension to CopRice's operations. This capability, coupled with focused product development means CopRice now faces exciting new opportunities in both the domestic and export markets. Congratulations also to the overall Employee Award winner, Peter Newton of CopRice, whose technical expertise delivered a major new consumer pack business in 2006.

Safety

Continuous improvement of safety and quality systems is a key focus for CopRice. The "Six Sigma" methodology has played a key role in this efficiency improvement and has delivered a much more profitable business. Providing a safe working environment for all employees remains a priority. Most noteworthy, was CopRice Tongala reaching a further milestone in February 2007, achieving six years without a Lost Time Injury.

CopRice has the people and expertise to ensure the business continues to achieve its growth objectives in revenue and earnings. With a strong leadership team, a committed and capable workforce and a focus on both innovation and operating excellence, a sound platform exists for further growth in 2007 and beyond.

Opposite

Above Left: CopRice Leeton received an upgrade this year with a new small packing facility

Above Right: New packaging design for CopRice's popular Working Dog Food

Lower: CopRice Cobden continues to update its delivery fleet









Our Community and the Environment

Being a responsible and respected corporate citizen is an important part of SunRice business. Over the past twelve months, SunRice has actively participated in activities to improve our environmental performance, ensure the safety of our people and support social initiatives.

Environment

SunRice is committed to understanding and minimising any adverse environmental impacts of our milling, processing and marketing activities, recognising that our key areas are packaging, water and energy use.

SunRice continues to support the National Packaging Covenant (NPC), which is a leading instrument for managing the environmental impacts of consumer packaging. The Environmental Code of Practice for Packaging has been fully integrated into SunRice business practices. SunRice has established an effective waste packing and recycling program across all sites and, in 2006/07, some sites achieved zero delivery of packaging waste to landfill.

Water re-use and recycling processes have been effectively implemented within business units where water use forms a key part of the production process. A review of chemical usage was also conducted and resulted in a reduction in use and quantities stored on site.

Further opportunities for energy savings were identified and evaluated across all SunRice sites. Such opportunities for energy reduction continue to be reviewed and aligned with the Federal Energy Efficiencies Opportunities and State requirements.

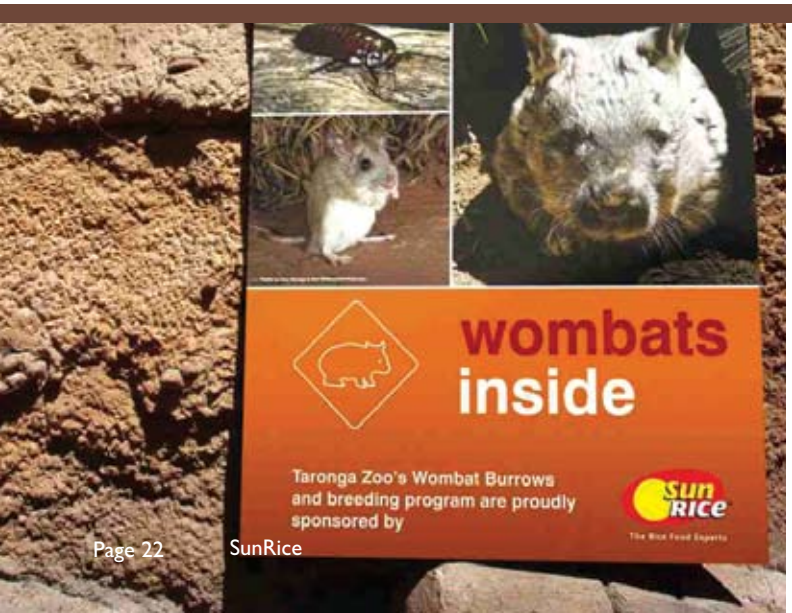
The business has established an effective waste packing and recycling program across all sites and, in 2006/07, some sites achieved zero delivery of packaging waste to landfill

Workplace

The workplace safety strategy for SunRice continues to focus on integration and continuous improvement to achieve world's best practice. Business units have maintained the exemplary performance achieved last year in preventing any lost time arising from injuries.

SunRice benchmarks the implementation and outcomes of Safety, Health and Environment (SHE) performance with that of other food and beverage businesses. This practice has identified SunRice as being consistently placed within the lower quartile, for lost time injuries, duration and costs, compared with other food and beverage businesses.

Our international operations have also adopted SunRice's workplace safety standards implemented in Australian sites, and continue to display an ongoing improvement in reducing the incidence of workplace injuries, and associated lost time.





The Rice Food Experts

In 2006/07, a particular focus was put on supporting organisations and events that assisted the wellbeing of farming families affected by the continuing drought

Our Community

SunRice participated in many activities that demonstrate a commitment to supporting local and international communities.

The business continued to support Foodbank Australia, which provides food to a network of non-profit welfare agencies throughout the country. Our donation of rice to Foodbank, in 2006/07, consisted of ninety eight tonnes and, as rice represented one of the top three food requirements, the donation was very well received.

SunRice participated in two initiatives to assist the people of East Timor in addressing their recent national food shortage. SunRice donated thirty tonnes of rice to the men, women and children of East Timor as part of a project organised by Father Chris Riley. SunRice also arranged for the delivery of sixty four and a half tonnes of rice to the people of East Timor following an urgent request by the East Timorese Government to the NSW Minister for Primary Industries.

Regional Support

SunRice is proud to support a large number of community organisations and events across the rice growing region. In 2006/07, a particular focus was put on supporting organisations and events that assisted the wellbeing of farming families affected by the continuing drought.

We also supported a number of major sporting and cultural events including the SunRice Family Centre at the Deni Ute Muster in Deniliquin, New South Wales, and the annual SunRice Leeton Pro-Am Golf Tournament.

SunRice continued its support of the Ricegrowers' Association of Australia Inc Environmental Champions Program (ECP). The ECP assists farmers build their capacity to improve environmental performance and community sustainability. Over 260 farm businesses are currently participants in the ECP.

Below: SunRice's stand at the Deni Ute Muster, Deniliquin, was a huge success in September 2006. Peter Hills and Lyn Wood (pictured) helped promote SunRice over the two day festival

Opposite

Lower Left: SunRice signed a three year partnership with Sydney's Taronga Zoo in the first half of the year to help establish a sustainable future for the rare Southern Hairy-nosed Wombat

Lower Right: Thousands of East Timorese lined up to receive a SunRice donation during a national food shortage in 2006















Gerry Lawson | Mark Robertson | Gary Helou | Bruce Barber | Noel Graham

Board of Directors

Gerry Lawson
LDA MAICD

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

Mark Robertson
MAICD

Berriquin rice grower. Director since 1996. Deputy Chairman since 2001. Directors' Committees: Chairman, Grower Services; Member, Remuneration, Finance and Audit. Chairman, Trukai Industries Limited (PNG); Director, Solomons Rice Company Limited (Solomon Islands), Australian Grain Storage Pty Ltd; SunRice Australia Pty Ltd and SunRice Trading Pty Ltd. Member, Rice Industry Co-ordination Committee.

Gary Helou
BE (Hons) MComm
FAICD FAIM

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

Bruce Barber
FAICD Cert Ag

Warrawidgee rice grower. Director since 1984. Directors' Committees: Member, Finance and Audit, Grower Services and Due Diligence. Director, Rice Research Australia Pty Ltd; Stockfeed Manufacture and Distribution Pty Ltd; Trukai Industries Limited (PNG). Chairman, Solomons Rice Company Limited (Solomon Islands). Member, Rice Industry Co-ordination Committee. Chairman, Benerembah Irrigation District Environment Protection Trust. Director, Abitibiti Pty Ltd.

Noel Graham
FAICD

Caldwell rice grower. Director since 2001. Directors' Committees: Member, Finance and Audit; Grower Services. Chairman, Rice Marketing Board for the State of NSW. Rice Marketing Board representative to Ricegrowers' Association of Australia Inc.

Russell Higgins
AO BEc FAICD

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

Gillian Kirkup
MAICD

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

Grant Latta
AM FAICD FAIM ASA/CPA AAMI MBA DipBus DipEng

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

Norm McAllister
Dip App Sc Ag FAICD

Berriquin rice grower. Director since 1997. Chairman, Rice Research Australia Pty Ltd. Director, Riviana Foods Pty Ltd, RIRDC and Silica Resources Pty Ltd. Member, Rice Industry Co-ordination Committee.

Alan Walsh
FAICD

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



Russell Higgins | Gillian Kirkup | Grant Latta | Norm McAllister | Alan Walsh



Biographies listed in order of photograph, left to right

Corporate Management Team

Brad Hingle
General Manager, Finance

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

Mandy Del Gigante
B Comm, CPA
Company Secretary

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

Graham Harvey
BAppSc, MBA
General Manager, Operations

Joined SunRice in 2000 as General Manager, Operations and is responsible for all grain handling, milling and packing operations. Twenty-one years experience in broad manufacturing and supply chain roles in the fast moving consumer goods (FMCG) and grain-related industries. Previous roles were in operations management at Goodman Fielder.

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

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

Claude Cassar
CA, F DipBus Studies (Acct)
Chief Financial Officer

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

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

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

Milton Bazley
BAppSc, BBus, DipExMan
General Manager, International Commodity and Trading

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

David Keldie
BA
General Manager, Consumer Markets

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

The Rice Food Experts

Corporate Governance Statement

Role of the Board

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

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

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

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

Composition of the Board

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

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

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

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

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

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

Board Operations

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

Director Performance Evaluation

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

Access to Information

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

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

Finance and Audit Committee

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

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

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

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

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

The Board has resolved that it is appropriate for the audit firm to provide ongoing taxation compliance and advisory services in addition to its normal audit function. However, as a broad guideline, it is considered inappropriate for the audit firm to be involved in any assignment which would impair its professional independence. A comprehensive policy dealing with this area is in place and approved by the Board. Adherence to the policy is closely monitored by the Finance and Audit Committee.

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

Corporate Governance Statement continued

Remuneration Committee

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

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

The conduct, objectives and proceedings of this Committee are governed by a charter, approved by the Board. All members of the Committee are non executive Directors and the Chairman of the Board is not the Chairman of the Committee.

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

Remuneration Report

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

Risk Management

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

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

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

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

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

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

Ethical Standards

All Directors, senior management and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has approved a Code of Conduct and Share Trading Policy.

Code of Conduct

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

Trading in Company Securities

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

Continuous Disclosure to the National Stock Exchange of Australia (NSX)

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

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

Communication with Shareholders

The Company has a communication strategy to promote effective communication with all stakeholders, including shareholders, to assist them in making informed decisions and to encourage effective participation. Communication initiatives undertaken by the Company include regular business updates, grower briefings, media announcements, and the Company website (www.sunrice.com.au).

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

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

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

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

Directors' Report and Financial Report

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

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

Ricegrowers Limited
NIP 37 Yanco Avenue
LEETON NSW 2705

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

The Financial Report was authorised for issue by the Directors on 18 June 2007.

Directors' Report

Your Directors present their report on the consolidated entity consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the year ended, 30 April 2007.

1 Directors

The following persons were Directors of Ricegrowers Limited during the financial year and up to the date of this report:
GF Lawson
DM Robertson
BL Barber
NG Graham
G Helou
RA Higgins
GL Kirkup
GF Latta
N McAllister
AD Walsh

2 Principal activities

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

3 Consolidated entity result

The net profit of the consolidated entity for the period after income tax and after minority interests was $14,476,000 (2006: $6,690,000).

4 Dividends

For the year ended 30 April 2007, the Directors have declared a final dividend of 21.5 cents per share to be paid on fully paid shares. Provision for this dividend has been made in the accounts. The dividend amounting to $5,880,000 (2006: $5,022,000) will be paid in July 2007.

5 De-regulation

From 1 July 2006, the NSW Government has legislated that the Rice Marketing Board must allow other entities to be registered as "authorised buyers" of rice in NSW. Whilst Ricegrowers Limited will compete with these entities in the domestic market, it has a sole export licence for rice grown in NSW.

6 Review of operations

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

7 Significant changes in the state of affairs

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

8 Events subsequent to the balance sheet date

On 18 June 2007 Ricegrowers Limited listed on the National Stock Exchange.

Other than the matter above, 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.

9 Likely developments and expected results of operations

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

Directors' Report

10 Environmental regulation

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

Land Development Approvals

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

Manufacturing

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

All identified aspects are monitored and reported on to the EPA as required. Complaints received in relation to environmental issues are investigated and actions planned and implemented to reduce the impact of Ricegrowers Limited's activities.

The National Packaging Covenant report and action plan has been completed and submitted as required for the second round. Actions have been taken to manage the impact of trade waste water and the amount of water being used with recycling/reuse programs implemented

11 Drought impact

As a result of favourable water allocations, paddy availability for 2006/2007 financial year was 1,037k tonnes (305k tonnes in prior year). However, due to the extended drought conditions, the 2007/2008 expected paddy harvest is estimated to be lower than in the recent years (estimated 160k tonnes). As a result, 261k tonnes of paddy is being carried over from the 2006/2007 year.

12 Directors' qualifications

Refer to the Annual Report for details.

13 Directors' interests in shares

	Directors' interests in A and B Class shares of Ricegrowers Limited	
Director	**30 April 2007**	30 April 2006
GF Lawson	187,921	92,617
DM Robertson	103,647	36,772
BL Barber	132,213	117,904
NG Graham	64,770	40,187
G Helou	-	-
RA Higgins	-	-
GL Kirkup	23,325	12,340
GF Latta	-	-
N McAllister	2,282	1,836
BK Vial (resigned 27/10/05)	-	48,904
AD Walsh	93,935	48,627

Directors' Report

14 Directors' meetings

	RL Board		F & A Committee		Grower Services Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
GF Lawson	11	12	-	-	-	-	4	4
DM Robertson	12	12	5	5	4	4	4	4
BL Barber	11	12	5	5	4	4	-	-
NG Graham	12	12	4	5	4	4	-	-
G Helou	12	12	-	-	-	-	-	-
RA Higgins	12	12	5	5	-	-	-	-
GL Kirkup	12	12	-	-	4	4	-	-
GF Latta	12	12	5	5	-	-	4	4
N McAllister	12	12	-	-	-	-	-	-
AD Walsh	12	12	-	-	4	4	-	-

15 Indemnification of officers

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

16 Remuneration report (audited)

This report outlines Ricegrowers Limited remuneration policy for Directors and Key Management Personnel (KMP) in accordance with AASB124 *Related Party Disclosures and the requirements of the Corporations Act 2001*. Details of other transactions with Key Management Personnel are disclosed in Note 31 and Note 35 to the financial statements.

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

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

(ii) Non-executive directors

Ricegrowers Limited's constitution requires that the remuneration of directors for their services as directors be by fixed sum and not a commission or a percentage of profits or operating revenue. At the 2006 Annual General Meeting, shareholders determined the following Directors' fees and remuneration:

a) A Director attending a duly convened meeting of the Board of Directors or a meeting of a Committee of the Board of Directors will receive a sitting fee of $252.00 per meeting;

b) A Director attending to the business of the Company under direction from the Board of Directors shall receive $252.00 per day together with travelling and out-of-pocket expenses;

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

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

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

f) Each other member of the Board of Directors shall receive an additional allowance of $25,030 per annum.

Directors' Report

16 Remuneration report (continued)

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

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

(iii) Retirement allowances for directors

For Directors leaving after less than three years service the SCG superannuation contribution is payable. The Directors retirement allowance is payable for directors who leave after three years service and is pro rated between three and eight years. After eight years of service the retirement benefit payable on leaving is equal to the last three years' total emoluments. This is in accordance with the Corporations Act 2001 section 237.

(iv) Executive pay

The executive pay and reward framework has three components:

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

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

(v) Base pay

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

(vi) Benefits

Executives are able to elect to take a range of benefits as part of their Total Fixed Remuneration package, including a company car, novated vehicle or car allowance; laptop, PDA or other work related equipment, 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

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. Should the agreed targets under each plan be achieved in full, the total maximum annual impact is estimated to be $499,500 per annum.

An incentive scheme has been in place in 2007 for management. Final incentive values have been determined by the Remuneration Committee and the Board.

17 Directors' benefits

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

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

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

Directors' Report

18 Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or Group are important. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below. The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the year the following fees were paid or were payable for services provided by the auditor of the parent entity and its related party practices:

	Consolidated	
	2007	2006
	$	$
Audit Services		
Fees paid to PricewaterhouseCoopers Australian firm	**424,375**	427,020
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**99,196**	104,313
Total remuneration for audit services	**523,571**	531,333
Other assurance services		
Fees paid to PricewaterhouseCoopers Australian firm	**181,617**	188,648
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	-
Total remuneration for other assurance services	**181,617**	188,648
Total remuneration for assurance services	**705,188**	719,981
Taxation Services		
Fees paid to PricewaterhouseCoopers Australian firm	**396,517**	734,414
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	-
Total remuneration for taxation services	**396,517**	734,414

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 36.

20 Rounding of amounts

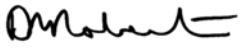
The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars or in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

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

For and on behalf of the Board.



GF Lawson
Chairman



DM Robertson
Deputy Chairman

Leeton
18 June 2007

Directors' Declaration

In the directors' opinion :

(a) the financial statements and notes set out on pages 37 to 75 are in accordance with the *Corporations Act 2001*, and:

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

(ii) give a true and fair view of the company's and consolidated entity's financial position as at 30 April 2007 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date;

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

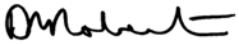
(c) the audited remuneration disclosures set out on pages 32 to 33 of the directors' report, comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

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

For and on behalf of the Board.



GF Lawson
Chairman



DM Robertson
Deputy Chairman

Leeton
18 June 2007

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Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the financial year ended 30 April 2007, I declare that

to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

B Hastie
Partner

PricewaterhouseCoopers

Sydney
18 June 2007

Liability Limited by a scheme approved under Professional Standards Legislation

Income Statements

For the year ended 30 April 2007

	Note	Ricegrowers Limited		Consolidated	
		2007	2006	**2007**	2006
		$000's	$000's	**$000's**	$000's
Sales revenue	**4**	**584,487**	276,085	**733,880**	603,016
Other revenue	**4**	**5,228**	46,152	**4,190**	2,484
Revenue from continuing operations		**589,715**	322,237	**738,070**	605,500
Other income	**5**	**381**	1,171	**455**	1,406
Changes in inventories of finished goods		**35,606**	1,727	**14,232**	729
Raw materials and consumables used		**(389,371)**	(147,528)	**(459,875)**	(385,666)
Employee benefits expense		**(60,428)**	(52,778)	**(74,211)**	(65,282)
Depreciation and amortisation expense	**6**	**(11,366)**	(10,810)	**(20,359)**	(13,703)
Finance Costs		**(19,940)**	(14,751)	**(23,257)**	(15,829)
Other expenses	**6**	**(134,873)**	(94,246)	**(153,251)**	(120,466)
Share of net profit of associate accounted for using the equity method	**14**	**-**	-	**772**	390
Profit before income tax		**9,724**	5,022	**22,576**	7,079
Income tax expense	**7**	**(3,925)**	(156)	**(7,752)**	(349)
Profit for the year		**5,799**	4,866	**14,824**	6,730
Profit attributable to minority interests		**-**	-	**(348)**	(40)
Profit attributable to members of Ricegrowers Limited		**5,799**	4,866	**14,476**	6,690
Earnings per share for profit attributable to B Class Shareholders					
Basic and Diluted Earnings	**33**			**0.57**	0.36

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

Balance Sheets

As at 30 April 2007

	Note	Ricegrowers Limited		Consolidated	
		2007	2006	**2007**	2006
		$000's	$000's	**$000's**	$000's
Current assets					
Cash and cash equivalents	**8**	**-**	661	**6,966**	3,519
Receivables	**9**	**95,446**	105,822	**85,051**	77,221
Inventories	**10**	**210,602**	303,202	**275,096**	384,577
Derivative financial instruments	**13**	**227**	2,054	**330**	2,054
Total current assets		**306,275**	411,739	**367,443**	467,371
Non-current assets					
Receivables	**9**	**7,775**	25,649	**1,000**	-
Available-for-sale financial assets	**12**	**386**	380	**397**	394
Other financial assets	**11**	**4,199**	6,071	**202**	556
Property, plant and equipment	**15**	**100,649**	104,912	**254,231**	136,738
Investment properties	**17**	**4,725**	7,475	**4,725**	7,475
Intangible assets	**16**	**3,896**	3,324	**7,717**	5,772
Deferred tax assets	**18**	**11,161**	21,359	**12,748**	22,075
Investments accounted for using the equity method	**14**	**3,588**	3,588	**5,334**	4,287
Total non-current assets		**136,379**	172,758	**286,354**	177,297
Total assets		**442,654**	584,497	**653,797**	644,668
Current liabilities					
Payables	**19**	**57,247**	32,135	**75,057**	49,671
Grower payables	**19**	**62,134**	109,636	**62,134**	109,636
Borrowings	**20**	**102,231**	162,322	**117,525**	176,728
Current tax liabilities		**1,715**	-	**1,767**	-
Provisions	**21**	**9,850**	7,859	**10,983**	8,855
Derivative financial instruments	**13**	**83**	-	**393**	186
Total current liabilities		**233,260**	311,952	**267,859**	345,076
Non current liabilities					
Payables	**19**	**-**	-	**88,962**	1,863
Grower payables	**19**	**8,585**	55,670	**8,585**	55,670
Borrowings	**20**	**113,157**	131,601	**171,957**	135,101
Deferred tax liabilities	**22**	**1,832**	6,303	**2,533**	6,933
Provisions	**21**	**1,702**	2,016	**2,826**	3,008
Total non-current liabilities		**125,276**	195,590	**274,863**	202,575
Total liabilities		**358,536**	507,542	**542,722**	547,651
Net assets		**84,118**	76,955	**111,075**	97,017
Equity					
Contributed equity	**23**	**39,573**	31,036	**39,573**	31,036
Reserves	**24**	**19,128**	20,421	**19,992**	22,602
Retained profits	**24**	**25,417**	25,498	**46,857**	38,261
Total parent entity interest		**84,118**	76,955	**106,422**	91,899
Minority interest	**30**	**-**	-	**4,653**	5,118
Total equity		**84,118**	76,955	**111,075**	97,017

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

Statements of changes in equity

For the year ended 30 April 2007

	Note	Ricegrowers Limited		Consolidated	
		2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Total equity at the beginning of the financial year		**76,955**	75,760	**97,017**	92,608
Adjustment to reserves on adoption of AASB 132 and AASB 139, net of tax	**24**	**-**	2,243	-	2,238
Restated total equity at the beginning of the financial year		**76,955**	78,003	**97,017**	94,846
Changes in the fair value of available-for-sale financial assets, net of tax	**24**	**5**	(21)	**2**	(21)
Changes in the fair value of cash flow hedges, net of tax	**24**	**(1,298)**	(458)	**(1,331)**	(558)
Movement in minority interest in reserves		**-**	-	**(465)**	439
Exchange differences on translation of foreign operations	**24**	**-**	-	**(1,281)**	1,016
Net income/(loss) recognised directly in equity		**(1,293)**	(479)	**(3,075)**	876
Profit for the year		**5,799**	4,866	**14,476**	6,730
Total recognised income and expense for the year		**4,506**	4,387	**11,401**	7,606
Transactions with equity holders in their capacity as equity holders:					
Redemptions of equity, net of transaction costs	**23**	**-**	(558)	**-**	(558)
Contributions of equity, net of transaction costs	**23**	**8,537**	145	**8,537**	145
Dividends provided or paid	**25**	**(5,880)**	(5,022)	**(5,880)**	(5,022)
		2,657	(5,435)	**2,657**	(5,435)
Total equity at the end of the financial year		**84,118**	76,955	**111,075**	97,017

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

Cash Flow Statement

For the year ended 30 April 2007

	Note	Ricegrowers Limited		Consolidated	
		2007	2006	**2007**	2006
		$000's	$000's	**$000's**	$000's
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**617,375**	298,789	**769,556**	612,996
Payments to suppliers (inclusive of goods and services tax)		**(324,955**)	(170,848)	**(445,645)**	(423,169)
Payments of wages, salaries and on-costs		**(58,436)**	(53,558)	**(72,083)**	(65,908)
Dividends received		**369**	14,223	**23**	28
Interest received		**1,914**	1,723	**1,214**	513
Other charges reimbursed		**2,945**	1,814	**3,430**	1,943
Interest paid		**(19,893)**	(15,512)	**(23,257)**	(16,590)
Subsidiary performance fee income		**10,265**	30,012	**-**	-
Income taxes paid		**(21)**	-	**(86)**	(223)
		229,563	106,643	**233,152**	109,590
Payments to growers		**(169,860**)	(198,378)	**(169,860)**	(198,378)
Net cash inflow (outflow) from operating activities	**32**	**59,703**	(91,735)	**63,292**	(88,788)
Cash flows from investing activities					
Payments for property, plant and equipment		**(7,172)**	(5,450)	**(13,772)**	(12,329)
Proceeds from sale of property, plant and equipment		**1,032**	1,273	**1,169**	1,133
Payments for intangibles		**(1,000)**	-	**(1,008)**	-
Payments for purchase of investments		**-**	-	**-**	(87)
Repayment loans controlled entities		**19,550**	-	**-**	-
Payments for business		**-**	-	**(2,700)**	-
Proceeds from sale of investment properties		**2,400**	-	**2,400**	-
Net cash outflow from investing activities		**14,810**	(4,177)	**(13,911)**	(11,283)
Cash flows from financing activities					
Proceeds from borrowings		**199,500**	443,000	**229,116**	449,097
Repayment of borrowings		**(265,170)**	(332,000)	**(265,170)**	(336,851)
Proceeds from issue of rice bonds		**-**	2,315	**-**	2,315
Proceeds from issue of shares		**401**	145	**401**	145
Redemption of shares		**-**	(558)	**-**	(558)
Repayment of rice bonds		**(9,713)**	(11,194)	**(9,713)**	(11,194)
Repayment of finance leases		**(27)**	(3)	**(27)**	(3)
Dividends paid to company's shareholders		**(3,530)**	(5,032)	**(3,530)**	(5,032)
Repayments of term deposits		**-**	(838)	**-**	(838)
Net cash inflow from financing activities		**(78,539)**	95,835	**(48,923)**	97,081
Net decrease in cash and cash equivalents		**(4,026)**	(77)	**458**	(2,990)
Cash and cash equivalents at the beginning of the financial year		**661**	738	**(591)**	2,506
Effect of exchange rate changes on cash and cash equivalents		**-**	-	**354**	(107)
Cash and cash equivalents at end of year	**8**	**(3,365)**	661	**221**	(591)

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

Notes to the Financial Statements

1 Summary of significant accounting policies

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

(a) Basis of preparation of financial report

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

Compliance with IFRS's

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

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 2007 and the results of all subsidiaries for the year then ended. Ricegrowers Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

(ii) Associates

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

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

(c) Foreign currency translation

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

Transactions denominated in a foreign currency are converted at the exchange rate achieved over the reporting period. Foreign currency receivables and payables at balance date are translated at exchange rates current at that date. Resulting exchange gains and losses are recognised in the income statement except when deferred in equity as qualifying cash flow hedges.

1 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

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

(d) Investments and other financial assets

Investments have been brought to account as follows:

(i) Subsidiaries

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

(ii) Associates

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

(iii) Other corporations

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

(iv) Available-for-sale financial assets

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

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

(v) Loans and receivables

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

(e) Investment property

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

(f) Inventory

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

Livestock is valued at market value (less costs incurred to market).

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment and leasehold improvements

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

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

The expected useful lives are as follows:

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

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

(h) Impairment of assets

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

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

(i) Intangible assets

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

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

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

(j) Research and development costs

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

(k) Receivables and accounts payable

External trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts. Trade receivables are due for settlement within 30 days from date of recognition. Bad debts are written off in the period in which they are identified. Collectibility of trade receivables is reviewed on an ongoing basis. A provision for doubtful 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.

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

(l) Borrowings

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

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

1 Summary of significant accounting policies (continued)

(m) Employee benefits

Wages and salaries, annual and sick leave

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

Long service leave

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

Termination benefits

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

(n) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

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

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

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

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

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

(o) Derivatives

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

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

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

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(p) 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.

(q) Revenue recognition

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

(r) Leases

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

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

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

(s) Acquisition of assets

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

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

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

(t) Segment reporting

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

(u) Provisions

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

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(v) 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.

(w) Comparatives

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

(x) Contributed equity

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

(y) Government assistance

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

(z) 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.

(aa) Commodity Contracts

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

(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 report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2007 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards *[AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces AASB 130 Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements in IAS 32 Financial Instruments: Disclosure and Presentation. It is applicable to all reporting entities.

The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital.

The Group assessed the impact of AASB 7 and the amendment to AASB 101 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment to AASB 101. The Group will apply the standards from the annual reporting period beginning 1 May 2007.

(ii) Revised AASB 101 Presentation of Financial Statements

A revised AASB 101 was issued in October 2006 and is applicable to annual reporting periods beginning on or after 1 January 2007. The Group has not adopted the standard early. Application of the revised standard will not affect any of the amounts recognised in the financial statements, but will remove some of the disclosures currently required, including the disclosure about economic dependencies.

Notes to the Financial Statements

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations (continued)

(iii) AASB 8 Operating Segments and AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on the financial performance. The information being reported will be based on what the key decision-makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different type of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in 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.

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

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 Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the US dollar and to a lesser extent to the Euro, Hong Kong Dollar, Japanese Yen, Papua New Guinea Kina, Solomon Islands Dollar and Jordanian Dinar.

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

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

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale financial assets. Commodity price risk is limited to selling prices for rice that can be achieved in markets in any particular financial year.

(iii) Commodity price risk

The group is exposed to grain commodity price risk. It is generally able to mitigate this risk through sales pricing and market mechanisms available.

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(c) Liquidity risk

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

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. The group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.

3 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Impairment of assets

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

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

(i) Raw material inventory and amounts payable to growers

Raw materials and amounts payable to growers in the parent entity are valued at the budgeted grower return expected for the forthcoming financial year. Raw materials in the form of paddy carried over from 2006 to 2007 has been valued in accordance with Group Policy at the expected budget returns.

4 Revenue

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Sales revenue				
Sale of goods	**584,487**	276,085	**732,612**	599,452
Services	**-**	-	**1,268**	3,564
	584,487	276,085	**733,880**	603,016
Other revenue				
Interest received	**1,914**	1,723	**1,214**	513
Dividends received	**369**	2,339	**23**	28
Other sundry items	**586**	629	**594**	759
Grain storage fee income	**443**	1,184	**443**	1,184
Commodity contracts	**1,916**	-	**1,916**	-
Subsidiary performance fee income*	**-**	40,277	**-**	-
	5,228	46,152	**4,190**	2,484
	589,715	322,237	**738,070**	605,500

*Fee paid by Riviana Foods Pty Limited and Sunrice Trading Pty Limited to the parent entity.

5 Other income

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Net gain on disposal of property, plant and equipment	**381**	421	**406**	524
Fair value adjustment to investment properties	**-**	750	**-**	750
Foreign exchange gains	**-**	-	**49**	132
	381	1,171	**455**	1,406

Notes to the Financial Statements

6 Expenses

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Profit before income tax includes the following specific expenses:				
Depreciation and amortisation				
Buildings	**1,299**	1,178	**6,897**	1,395
Plant and equipment	**9,623**	9,383	**12,653**	11,877
Leasehold improvements	**16**	21	**247**	66
Patents/brands and software	**428**	228	**562**	365
Total depreciation and amortisation expense	**11,366**	10,810	**20,359**	13,703
Other expenses				
Freight and distribution costs	**53,567**	29,567	**67,738**	42,094
RMB agency fee	**878**	5,190	**878**	5,190
AGS storage asset charge	**7,832**	-	**-**	-
Energy	**9,902**	7,711	**10,369**	8,140
Water procurement	**10,321**	7,289	**10,321**	7,289
Contracted services	**7,738**	9,410	**6,953**	8,770
Operating lease expenditure	**3,491**	3,317	**5,814**	5,127
Research and development	**3,754**	1,373	**3,162**	771
Advertising and artwork	**3,546**	2,689	**6,625**	6,100
Contributions to employee superannuation plans	**2,203**	1,923	**2,831**	2,551
Other	**31,641**	25,777	**38,560**	34,434
Total other expenses	**134,873**	94,246	**153,251**	120,466

7 Income tax expense

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
(a) Income tax expense				
Current tax benefit/(expense)	**(4,378)**	1,649	**(8,386)**	295
Deferred tax benefit/(expense)	**1,005**	(1,805)	**1,112**	(603)
Adjustments for current tax of prior periods	**(552)**	-	**(478)**	(41)
Income tax expense attributable to profit from continuing operations	**(3,925)**	(156)	**(7,752)**	(349)
Deferred income benefit/(expense) included in income tax expense comprises:				
Increase/(decrease) in deferred tax assets (note 18)	**(976)**	(1,112)	**(930)**	(946)
(Increase)/decrease in deferred tax liabilities (note 22)	**1,981**	(693)	**2,042**	343
	1,005	(1,805)	**1,112**	(603)

7 Income tax expense (continued)	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before related income tax	**9,724**	5,022	**22,576**	7,079
Income tax expense calculated at the Australian rate of tax of 30% (2006:30%)	**(2,917)**	(1,507)	**(6,773)**	(2,124)
Tax effect of amounts which are not taxable/(deductible) in calculating taxable income:				
Entertainment	**(26)**	(24)	**(34)**	(24)
Legal Fees	**-**	(8)	**-**	(8)
Income from controlled foreign companies	**(97)**	(195)	**(97)**	(195)
Capital gain on investments tax	**-**	(117)	**-**	(117)
Tax offset for intercompany dividends	**104**	694	**104**	694
Research & development	**103**	438	**103**	438
Capital gain on investments accounts	**-**	214	**-**	214
Sundry items	**(475)**	377	**(524)**	341
	(391)	1,379	**(448)**	1,343
Adjustments for current tax of prior periods	**(552)**	-	**(478)**	(41)
Effect of timing differences and tax losses (not booked)/recovered	**(65)**	(28)	**(53)**	473
Income tax benefit/(expense)	**(3,925)**	(156)	**(7,752)**	(349)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity				
Net deferred tax - debited (credited) directly to equity (note 18 and 22)	**378**	503	**337**	458

(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(n).

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

8 Cash and cash equivalents	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Cash at bank and on hand	-	653	3,966	1,712
Deposits at call	-	8	3,000	1,807
	-	661	6,966	3,519

Reconciliation to cash at the end of the year

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

Cash and cash equivalents	-	661	6,966	3,519
Less: Bank overdraft (note 20)	(3,365)	-	(6,745)	(4,110)
Balances per statement of cash flows	(3,365)	661	221	(591)

9 Receivables	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Current				
Trade receivables	46,012	33,263	75,226	62,275
Provision for doubtful debts	(113)	(58)	(297)	(228)
	45,899	33,205	74,929	62,047
Other receivables	227	907	2,377	4,786
Owing by subsidiaries	42,657	62,408	-	-
GST Receivable	5,556	7,905	5,556	8,080
Prepayments	1,107	1,397	2,189	2,308
	95,446	105,822	85,051	77,221
Non-current				
Loan receivable	1,000	-	1,000	-
Owing by subsidiaries	6,775	25,649	-	-
	7,775	25,649	1,000	-

(a) Significant terms and conditions

Trade debtors generally are required to be settled within 30 days.

The terms and conditions of related party transactions with controlled entities during the year are detailed in Note 31.

(b) Credit risk

The consolidated entity does not have any significant exposure to any individual customer or counterparty.

Major concentrations of credit risk (greater than 10%) that arise from the consolidated entity's receivables in relation to the industry categories and location of the customers by the percentage of the total receivables from customers are:

	Consolidated 2007 %	Consolidated 2006 %
Retail and food industry	100	100
Australia	62	62
Pacific Islands (incl PNG)	13	18
Middle East	23	17
Other	2	3

(c) Fair values

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

Notes to the Financial Statements

10 Inventories	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Raw materials at net realisable value	**146,942**	275,036	**166,372**	290,149
Finished goods at net realisable value	**54,527**	18,922	**96,949**	82,869
Packaging materials at net realisable value	**4,902**	4,999	**6,148**	6,283
Engineering and consumable stores at cost	**4,231**	4,245	**5,627**	5,276
	210,602	303,202	**275,096**	384,577

11 Other financial assets	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Shares in subsidiaries - at cost	**853**	853	**-**	-
Increase in investment in subsidiary as a result of no tax funding agreement	**5,192**	5,192	**-**	-
Provision for impairment as a result of no tax funding agreement	**(1,872)**	-	**-**	-
	4,173	6,045	**-**	-
Shares in associates (at cost)	**-**	-	**-**	1,037
Provision for impairment	**-**	-	**-**	(697)
Other unlisted securities	**26**	26	**202**	216
	4,199	6,071	**202**	556

These financial assets are carried at cost.

(a) Provision for impairment
Provision for impairment has been recognised to write down securitises to their recoverable amounts based on the Directors' assessment of their estimated realisable values in an open market to identify any permanent diminutions in the value of investment.

12 Available-for-sale financial assets	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
At beginning of year	**380**	195	**394**	199
Adjustment on adoption of AASB 132 and AASB 139 (note a)	**-**	215	**-**	226
Revaluation	**6**	(30)	**3**	(31)
At end of year	**386**	380	**397**	394
Listed securities	**386**	380	**397**	394

Fair value is market value of these securities taken at the bid price at close of business on 30 April 2007.

(a) Transition to AASB 132 and AASB139
The group had taken the exemption available under AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 May 2005. For further information please refer to our annual report for the year ending 30 April 2006.

13 Derivative financial instruments

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Current assets				
Interest rate swaps (cash flow hedges)	**227**	133	**302**	133
Forward foreign exchange contracts (cash flow hedges)	**-**	1,921	**28**	1,921
	227	2,054	**330**	2,054
Current liabilities				
Forward foreign exchange contracts (cash flow hedges)	**83**	-	**393**	186

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.

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

At 30 April 2007, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Less than 1 year	**-**	10,000	**-**	10,000
1-2 years	**41,350**	31,350	**55,350**	34,850
	41,350	41,350	**55,350**	44,850

Swaps currently in place cover 50% (2006: 50%) of the bank core debt loan principal outstanding. The fixed interest rates range between 5.795% - 6.275% (2006: 5.51%-5.835%) and the variable rates are between 6.3483% and 6.475% for the 90 day bank bill term, which at balance date was 6.39% (2006: 5.8%).

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

The settlement dates, dollar amounts to be received and contractual exchange rates of the consolidated entity's outstanding contracts at balance date are:

United States Dollars				
Less than 1 year at rates averaging US$0.82906 (2006: US$0.7328)	**29,802**	**70,176**	**72,724**	**82,006**

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises with amounts receivable from unrealised gains on derivative financial instruments. At balance date $330,000 is receivable (Australian dollar equivalents) for the Group from interest rate swap contracts and forward foreign exchange contracts (2006: $2,054000).

The Group undertakes 100% of its transactions in foreign exchange and interest rate contracts with financial institutions.

Notes to the Financial Statements

14 Investments accounted for using the equity method	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Shares in associates	**3,588**	3,588	**5,334**	4,287

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

Name of company	Principal activity	Ownership interest 2007	Ownership interest 2006	Consolidated carrying amount $000's	Ricegrowers Limited carrying amount $000's
Herto NV (incorporated in Belgium)	Manufacturing	33%	33%	4,287	3,588
Pagini Transport (incorporated in Papua New Guinea)	Transport	31.56%	29.56%	750	-

	Consolidated 2007 $000's	Consolidated 2006 $000's
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**4,287**	3,897
Transfer Pagini investment from other financial assets	**340**	-
Share of profit after related income tax	**772**	390
Foreign currency difference	**(65)**	-
Carrying amount at the end of the financial year	**5,334**	4,287
(b) Share of associates' profits		
Profit before related income tax	**1,020**	59
Income tax expense	**(248)**	(204)
Profits after related income tax	**772**	390

(c) Summarised financial information of associates

	Assets $000's	Liabilities $000's	Revenues $000's	Profits $000's
2007				
Herto NV	31,951	23,425	33,002	899
Pagini Transport	6,718	4,480	1,039	345
2006				
Herto NV	32,594	24,885	31,663	1,182

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

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

15 Property, plant and equipment	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Freehold land				
At cost	**4,543**	4,600	**9,656**	8,801
Buildings				
At cost	**51,238**	50,289	**177,608**	55,021
Less accumulated depreciation	**(21,484)**	(20,294)	**(27,241)**	(20,689)
	29,754	29,995	**150,367**	34,332
Leasehold improvements				
At cost	**1,700**	1,700	**4,970**	4,283
Less accumulated depreciation	**(1,227)**	(1,211)	**(1,654)**	(1,538)
	473	489	**3,316**	2,745
Plant and equipment				
At cost	**157,468**	153,162	**197,215**	184,831
Less accumulated depreciation	**(93,589)**	(85,249)	**(109,640)**	(98,098)
Under finance lease	**381**	227	**381**	227
Less accumulated depreciation	**(49)**	(5)	**(49)**	(5)
	64,211	68,135	**87,907**	86,955
Capital works in progress				
At cost	**1,668**	1,693	**2,985**	3,905
	100,649	104,912	**254,231**	136,738

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

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

15 Property, plant and equipment (continued)

Consolidated	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2005	40,582	2,516	92,216	1,424	136,738
Additions	2,233	144	1,123	8,829	12,329
Recognition of finance lease	-	-	227	-	227
Capital works in progress reclassifications	1,718	-	4,740	(6,458)	-
Transfers/disposals/scrapping	(318)	(6)	(278)	(7)	(609)
Depreciation expense	(1,395)	(66)	(11,877)	-	(13,338)
Foreign currency differences	313	157	804	117	1,391
Carrying amount at 30 April 2006	43,133	2,745	86,955	3,905	136,738

Ricegrowers Limited	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Capitalised WIP $000's	Totals $000's
Carrying amount at 1 May 2005	34,346	510	74,852	964	110,672
Additions	-	-	-	5,450	5,450
Recognition of finance lease	-	-	227	-	227
Capital works in progress reclassifications	1,640	-	3,081	(4,721)	-
Transfers/disposals/scrapping	(213)	-	(642)	-	(855)
Depreciation expense	(1,178)	(21)	(9,383)	-	(10,582)
Carrying amount at 30 April 2006	34,595	489	68,135	1,693	104,912

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 ("RMBs") network of rice receival and storage facilities for consideration of $125,771,312. Components of this purchase price are payable over a ten year period to align with RMBs commitment to pay amounts owing to growers under the Capital Equity Rollover Scheme. The assets are pledged as security.

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

Assets pledged as security

There are fixed and floating charges over all fixed assets.

16 Intangibles

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Goodwill	**185**	185	**2,827**	1,328
Patents and brands	**3,379**	3,379	**5,191**	5,191
less: accumulated amortisation	**(641)**	(470)	**(1,290)**	(986)
	2,738	2,909	**3,901**	4,205
Software	**2,018**	2,433	**2,042**	2,444
less: accumulated amortisation	**(1,878)**	(2,203)	**(1,886)**	(2,205)
	140	230	**156**	239
Other	**1,000**	-	**1,000**	-
less: accumulated amortisation	**(167)**	-	**(167)**	-
	833	-	**833**	-
	3,896	3,324	**7,717**	5,772

16 Intangibles (continued)

Consolidated	Goodwill $000's	Brands $000's	Software $000's	Other $000's	Total $000's
Carrying amount at 1 May 2006	1,328	4,205	239	-	5,772
Additions	1,500	-	8	1,000	2,508
Amortisation charge	-	(304)	(91)	(167)	(562)
Foreign exchange difference on translation	(1)	-	-	-	(1)
Closing net book amount	2,827	3,901	156	833	7,717

Ricegrowers Limited	Goodwill $000's	Brands $000's	Software $000's	Other $000's	Total $000's
Carrying amount at 1 May 2006	185	2,909	230	-	3,324
Additions	-	-	-	1,000	1,000
Amortisation charge	-	(171)	(90)	(167)	(428)
Closing net book amount	185	2,738	140	833	3,896

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

	2007 **$000's**	2006 $000's
Rice Milling and Marketing	**37**	38
Coprice	**185**	185
Other Complementary businesses	**2,605**	1,105
	2,827	1,328

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 2007 financial year are extrapolated using the estimated growth rates stated below.

Key Assumptions used for value in use calculations

CGU	Growth Rate		Discount Rate	
	2007	2006	**2007**	2006
	%	%	**%**	%
Rice Milling and Marketing	**2.4**	2.7	**9.0**	9.0
Coprice	**2.4**	2.7	**9.0**	9.0
Other Complementary businesses	**2.4**	4.6	**9.0**	9.0

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

17 Investment Properties

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
At Fair Value				
Opening balance at 1 May 2006	**7,475**	6,725	**7,475**	6,725
Disposal	**(2,400)**	-	**(2,400)**	-
Net gain/(loss) from fair value adjustment	**(350)**	750	**(350)**	750
Closing balance at 30 April 2007	**4,725**	7,475	**4,725**	7,475

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 2007 revaluations were based on independent assessments made by certified practising valuers.

18 Deferred tax assets

The balance comprises temporary differences attributable to:

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Provisions	**3,167**	3,356	**3,887**	3,710
Accruals	**755**	798	**800**	839
Depreciation	**74**	-	**229**	72
Tax losses	**6,967**	16,260	**7,528**	16,260
Other	**198**	823	**210**	1,024
	11,161	21,237	**12,654**	21,905
Cash flow hedges	**-**	-	**93**	48
Available-for-sale financial assets	**-**	122	**1**	122
Total deferred tax assets	**11,161**	21,359	**12,748**	22,075
Movements				
Opening balance at 1 May 2006	**21,359**	22,054	**22,075**	22,555
Change on adoption of AASB 132 and AASB 139	**-**	65	**-**	65
Credited/(charged) to income statement	**(976)**	535	**(930)**	702
Adjustment deferred tax prior period	**193**	-	**411**	-
Utilisation of tax losses	**(9,293)**	(1,353)	**(8,732)**	(1,353)
Credited/(charged) to equity	**(122)**	58	**(76)**	106
Closing balance at 30 April 2007	**11,161**	21,359	**12,748**	22,075

There are no unrecognised tax losses.

The possible future tax savings attributable to tax losses will only be obtainable if;

(i) Ricegrowers Limited and its controlled entities derive future assessable income of a nature, and of an amount, sufficient to enable the benefit from the deduction for the loss to be realised.

(ii) Ricegrowers Limited and its controlled entities continue to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in the tax legislation adversely affect Ricegrowers Limited and its controlled entities in realising the benefit from the deductions of the loss.

19 Payables

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Current				
Trade and other payables	**44,780**	25,649	**69,177**	44,649
Owing to subsidiaries	**6,587**	1,464	**-**	-
Amounts payable to growers	**62,134**	109,636	**62,134**	109,636
Dividends	**5,880**	5,022	**5,880**	5,022
	119,381	141,771	**137,191**	159,307
Non-current				
Amounts payable to growers	**8,585**	55,670	**8,585**	55,670
Trade and other payables	**-**	-	**88,962**	1,863
	8,585	55,670	**97,547**	57,533

Trade accounts payable are unsecured and generally settled within 30 days
The Directors consider the carrying amounts of trade and other payables approximate their fair values.

20 Borrowings

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Current				
Secured				
Bank overdrafts	**3,365**	-	**6,745**	4,110
Bank loans	**86,330**	152,000	**98,244**	162,296
Lease liability (note 28)	**79**	20	**79**	20
Unsecured				
Rice bonds (note 27)	**12,457**	10,302	**12,457**	10,302
	102,231	162,322	**117,525**	176,728
Non current				
Secured				
Bank loans	**82,700**	82,700	**141,500**	86,200
Lease liability (note 28)	**273**	205	**273**	205
Unsecured				
Rice bonds (note 27)	**30,184**	48,696	**30,184**	48,696
	113,157	131,601	**171,957**	135,101

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

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

(c) Carrying amount of all assets pledged as security
There is a fixed and floating charge over all fixed assets disclosed in note 15.

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
(d) Financing arrangements Unrestricted access was available at balance date to the following lines of credit:				
Total facilities				
Bank overdrafts	**5,000**	2,659	**10,045**	8,408
Bank facilities	**404,200**	383,100	**539,054**	398,651
	409,200	385,759	**549,099**	407,059
Used at balance date				
Bank overdrafts	**3,365**	-	**6,745**	4,110
Bank facilities	**169,030**	241,583	**239,744**	257,104
	172,395	241,583	**246,489**	261,214
Unused at balance date				
Bank overdrafts	**1,635**	2,659	**3,300**	4,298
Bank facilities	**235,170**	141,517	**299,310**	141,547
	236,805	144,176	**302,610**	145,845

21 Provisions

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Current				
Employee benefits (note 29)	**8,955**	6,819	**10,088**	7,815
Employee allowances	**125**	241	**125**	241
Directors' retirement benefits	**770**	799	**770**	799
	9,850	7,859	**10,983**	8,855
Non current				
Employee benefits (note 29)	**1,702**	2,016	**2,826**	3,008
	1,702	2,016	**2,826**	3,008

(a) Aggregate employee entitlement benefits
Aggregate employee entitlements include benefits measured at present values of future amounts expected to be paid based on projected weighted average increase in wage and salary rates over an average period of 10 years. Present values are calculated using a weighted average rate of 5.71% 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

The balance comprises temporary differences attributable to:

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Prepayments	**48**	2,526	**122**	2,614
Inventories	**1,269**	1,274	**1,269**	1,274
Investment property	**390**	1,028	**390**	1,028
Depreciation	**-**	840	**526**	844
Other	**-**	10	**11**	545
	1,707	5,678	**2,318**	6,305
Cash flow hedges	**68**	625	**158**	625
Available-for-sale financial assets	**57**	-	**57**	3
Net deferred tax liabilities	**1,832**	6,303	**2,533**	6,933
Movements				
Opening balance at 1 May 2006	**6,303**	4,985	**6,933**	6,594
Change on adoption of AASB 132 and AASB 139	**-**	821	**-**	821
Charged/(credited) to profit and loss	**(1,981)**	693	**(2,042)**	(289)
Adjustment deferred tax prior period	**(1,990)**	-	**(1,945)**	-
(Credited)/charged to equity	**(500)**	(196)	**(413)**	(193)
Closing balance at 30 April 2007	**1,832**	6,303	**2,533**	6,933

Notes to the Financial Statements

23 Contributed equity	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
(a) Share capital				
Fully paid Ordinary B Class Shares	**39,573**	31,036	**39,573**	31,036

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

Date	Details	Number of shares	Issue price	$'000
1 May 2005	Opening balance	15,724,638	$2.00	31,449
1 May to 30 Nov 2005	Redeemed shares	(279,165)	$2.00	(558)
21 December 2005	Share Issue Formula	7,845,932	-	-
27 April 2006	Issue shares	68,000	$2.14	145
1 May 2006	Balance	23,359,405		31,036
11 July 2006	Dividend Reinvestment (i)	697,100	$2.14	1,492
26 September 2006	Issue shares (ii)	37,000	$2.14	79
30 November 2006	Share Issue Offer (iii)	3,254,990	$2.14	6,966
30 April 2007	Balance	27,348,495		39,573

B Class shares

B Class shares are non-voting shares with dividend rights but are not redeemable.

(i) Dividend Reinvestment

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

(ii) Share issue

On 27 April 2006, the board approved 37,000 B Class shares to be purchased. These shares were fully paid for on 26 September 2006.

(iii) Share Issue Offer

On 27 October 2006, Ricegrowers Limited, issued a prospectus for the issue of B Class shares to existing shareholders. As at 30 April 2007 the issue resulted in 3,254,990 fully paid sharesbeing issued. 3,104,672 shares ($6,644,000) were paid for by the conversion of rice bonds and 150,318 shares ($321,000) were paid in cash. 330,965 shares remain unpaid at year end from the share issue and accordingly have not been recognised in share capital at year end.

A Class shares

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

At 30 April 2007, 1,139 (2006:1,726) A Class shares were on issue.

24 Reserves and retained profits	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Reserves				
General reserve	**18,657**	18,657	**28,450**	28,450
Asset revaluation reserve	**-**	-	**4,917**	4,917
Foreign currency translation reserve	**-**	-	**(13,705)**	(12,424)
Hedging reserve - cash flow hedges	**159**	1,457	**14**	1,345
Available for sale financial assets revaluation reserve	**312**	307	**316**	314
	19,128	20,421	**19,992**	22,602

24 Reserves and retained profits (continued)	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
Movements				
Foreign currency translation reserve				
Balance 1 May 2006	**-**	-	**(12,424)**	(13,440)
Net exchange difference on translation of overseas controlled entities	**-**	-	**(1,281)**	1,016
Balance 30 April 2007	**-**	-	**(13,705)**	(12,424)
Hedging reserve - cash flow hedges				
Balance 1 May 2006	**1,457**	-	**1,345**	-
Adjustment on adoption of AASB 132 and 139, net of tax	**-**	1,915	**-**	1,903
Revaluation - gross	**(1,677)**	(654)	**(1,510)**	(802)
Deferred tax	**379**	196	**179**	244
Balance 30 April 2007	**159**	1,457	**14**	1,345
Available for sale financial assets revaluation reserve				
Balance 1 May 2006	**307**	-	**314**	-
Adjustment on adoption of AASB 132 and 139, net of tax	**-**	328	**-**	335
Revaluation - gross	**6**	(30)	**3**	(17)
Deferred tax	**(1)**	9	**(1)**	(4)
Balance 30 April 2007	**312**	307	**316**	314
Retained profits				
Balance 1 May 2006	**25,498**	25,654	**38,261**	36,593
Net profit for the year	**5,799**	4,866	**14,476**	6,690
Dividends provided for or paid	**(5,880)**	(5,022)	**(5,880)**	(5,022)
Balance 30 April 2007	**25,417**	25,498	**46,857**	38,261

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 entity 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(o). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

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

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

Notes to the Financial Statements

25 Unfranked Dividends

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Final dividend declared for the year ended 30 April 2007 of 21.5 cents (2006: 21.5 cents) per fully paid B class share	**5,880**	5,022	**5,880**	5,022

26 Contingencies

(a) Contingent liabilities

The estimated maximum amounts of contingent liabilities not provided for in the accounts of Ricegrowers Limited and its controlled entities as at 30 April 2007 are:

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Discounted export bill proceeds (guarantees)	**22,778**	1,583	**22,778**	1,583
Guarantee of bank advances:				
- controlled entities	**2,751**	6,551	**2,751**	7,318
- other guarantees	**452**	337	**511**	337
	25,981	8,471	**26,040**	9,238

27 Rice bonds

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Due for repayment:				
Within one year	**12,457**	10,302	**12,457**	10,302
Within one to two years	**9,185**	14,212	**9,185**	14,212
Within three to five years	**20,999**	34,484	**20,999**	34,484
	42,641	58,998	**42,641**	58,998
Representing:				
Current (note 20)	**12,457**	10,302	**12,457**	10,302
Non current (note 20)	**30,184**	48,696	**30,184**	48,696
	42,641	58,998	**42,641**	58,998

Effective July 1997, Ricegrowers Limited has issued Rice Bonds as an alternative funding mechanism. The Rice Bonds are subordinated and amount to $42,641,000 (2065: $58,998,000). The bonds are repayable between 3 and 7 years. Interest is payable annually in arrears at an average rate of 8.6% (2006: 8.6%).

28 Commitments for expenditure

	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
(a) Capital Commitments (property, plant and equipment)				
Commitments for capital expenditure contracted for at reporting date but not recognised as liabilities payable	**515**	1,733	**958**	3,510

28 Commitments for expenditure (continued)	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
(b) Lease commitments				
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable:				
Within one year	**2,547**	2,720	**5,363**	4,804
Later than one year but not later than five years	**2,188**	4,104	**14,818**	12,725
Later than five years	**-**	9	**10,558**	12,828
	4,735	6,833	**30,739**	30,357
Representing:				
Cancellable operating leases	**4,735**	6,833	**30,739**	30,357
Commitments in relation to finance leases are payable as follows:				
Within one year	**79**	34	**79**	34
Later than one year but not later than five years	**320**	247	**320**	247
Minimum lease payments	**399**	281	**399**	281
less: future finance charges	**(47)**	(56)	**(47)**	(56)
Recognised as a liability	**352**	225	**352**	225
Representing lease liabilities:				
Current (note 20)	**79**	20	**79**	20
Non current (note 20)	**273**	205	**273**	205
	352	225	**352**	225

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

29 Employee benefits	Ricegrowers Limited 2007 $000's	Ricegrowers Limited 2006 $000's	Consolidated 2007 $000's	Consolidated 2006 $000's
(a) Employee benefits and related on cost liabilities				
Provision for employee benefits (note 21)				
Current	**8,955**	6,819	**10,088**	7,815
Non-current	**1,702**	2,016	**2,826**	3,008
Aggregate employee entitlement benefits	**10,657**	8,835	**12,914**	10,823
Employee numbers		**Number**		**Number**
Average number of employees during the year	**774**	703	**1,657**	1,587

(b) Superannuation plan/commitments

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

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

An actuarial valuation was performed as at 30 June 2005, which showed the plan was in surplus by $124,964. At 30 April 2007, a actuarial estimate of the value of the plan was performed, which showed the plan was in surplus by $157,000.

29 Employee benefits (continued)

	Consolidated 2007 $000's	2006 $000
(b) Superannuation plan/commitments (continued)		
The following sets out the details for the defined benefit members of the Riviana Foods Superannuation plan.		
Net Assets	**822**	828
less: Vested Benefits	**(665)**	(665)
Surplus	**157**	163

30 Investments in subsidiaries

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

Subsidiaries

	Name of entity	Principal activities	Direct/indirect interest in ordinary shares/equity 2007 %	2006 %
(i)	SunRice Trading Pty Ltd	Distribution of Rice	**100**	100
(i)@	Rice Research Australia Pty Ltd	Research into rice growing	**100**	100
(i)	Australian Grain Storage Pty Ltd (formerly Riviana (Australia) Pty Ltd)	Grain Storage Assets	**100**	100
(i)^	SunRice Australia Pty Ltd	Marketing	**100**	100
(i)^	Silica Resources Pty Ltd	Investment Co	**100**	100
(i)*	Riviana Foods Pty Ltd	Importation /distribution of food products	**100**	100
(ii) (iii)*	Trukai Industries Limited	Distribution of rice	**66.23**	66.23
(iii)*	Trukai (Wholesale) Limited	Distribution of rice	**66.23**	66.23
(iii)*	Rice Industries Limited	Property	**66.23**	66.23
(iv)*	Solomons Rice Company Limited	Distribution of rice	**100**	100
(v)*	SunArise Insurance Company Ltd	Insurance Co	**100**	100
(i) ^	Australian Rice Growers Co-operative Ltd	Marketing	**100**	100
(vi)*	Aqaba Processing Company Ltd	Rice packing/storage	**80**	80
(i) ^	Hulltech Pty Ltd	Marketing	**100**	100
(i)	Ricegrowers Superannuation Plan Pty Ltd	Superannuation Trust Co	**100**	100
(i)^	Seatide Pty Ltd	Distribution of rice	**100**	100
(vii)	Sunshine Rice, Inc	Marketing	**100**	100
(i)^	Sunbridge Australia Pty Ltd	Marketing	**100**	100
(i)^	Stockfeed Manufacture & Distribution Pty Ltd	Distribution of rice	**100**	100

Legend

(i) Incorporated in Australia
(ii) Ricegrowers Limited holds Ordinary "A" Class shares in Trukai Industries Ltd
(iii) Incorporated in Papua New Guinea
(iv) Incorporated in Solomon Islands
(v) Incorporated in Bermuda
(vi) Incorporated in Jordan
(vii) Incorporated in USA
* Controlled entity audited by another PricewaterhouseCoopers firm
@ Controlled entity not audited as it is a small proprietary company not required to prepare financial statements
^ Dormant

30 Investments in subsidiaries (continued)

Minority interests

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

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

	Consolidated	
	2007	2006
	$000's	$000's
Interest in:		
Contributed equity	**359**	359
Reserves	**504**	1,092
Retained profits	**3,790**	3,667
	4,653	5,118

31 Related party transactions

(a) Parent Entity

The ultimate parent entity and controlling party within the Group is Ricegrowers Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 30.

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 35.

(d) Transactions with related parties

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

	Ricegrowers Limited	
	2007	2006
	$000's	$000's
(i) Transaction type and class of other party		
Sale of rice to controlled entities	**152,079**	9,097
Dividends received from controlled entities	**346**	2,312
Subsidiary performance fee income	**-**	40,277
Interest revenue from group entities	**815**	1,220
(ii) Amounts receivable from and payable to entities in the wholly owned group		
Aggregate amounts receivable at balance date from:		
- Current - controlled entities	**42,657**	62,408
- Non-current - controlled entities	**6,775**	25,649
	49,432	88,057
Aggregate amounts payable at balance date to:		
- Current - controlled entities	**6,587**	1,464

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

Notes to the Financial Statements

32 Reconciliation of profit after income tax to net cash inflow/(outflow) from operating activities	Ricegrowers Limited		Consolidated	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's
Profit for the year	**5,799**	4,866	**14,476**	6,690
Depreciation and amortisation	**11,366**	10,810	**20,359**	13,703
(Profit)/Loss on sale/disposal of property, plant and equipment	**(381)**	(421)	**(406)**	(524)
(Gain)/Loss on fair value revaluation of investment property	**350**	(750)	**350**	(750)
Loss on fair value adjustment to derivatives	**83**	28	**83**	54
Provision for impairment investments	**1,872**	-	**-**	-
Share of associates net profit	**-**	-	**(772)**	-
Changes in operating assets and liabilities				
(Increase)/decrease in trade and other receivables	**8,671**	12,010	**(8,858)**	3,421
(Increase)/decrease in other operating assets	**-**	(6,159)	**14**	(6,040)
(Increase)/decrease in inventories	**92,600**	(193,902)	**109,804**	(189,714)
Increase/(decrease) in amounts payable to growers	**(94,587)**	103,127	**(94,587)**	103,127
Increase/(decrease) in provision for grower bonuses	**-**	(22,945)	**-**	(22,945)
Increase/(decrease) in trade and other creditors and employee entitlements	**25,931**	978	**15,590**	3,933
Increase/(decrease) in provision for income taxes payable	**1,715**	-	**1,767**	-
Increase/(decrease) in deferred tax balances	**6,284**	623	**5,472**	257
Net cash inflows/(outflows) from operating activities	**59,703**	(91,735)	**63,292**	(88,788)

33 Earnings per share

	Consolidated	
(a) Basic and Diluted earnings per shares	**2007 Cents**	2006 Cents
Basic and Diluted earnings per share	**0.57**	0.36

	Consolidated	
(b) Reconciliation of earnings per share	**2007 $000's**	2006 $000's
Profit for the year	**14,476**	6,690

	Consolidated	
(c) Weighted average number of shares used as a denominator	**2007 000's**	2006 000's
Weighted average number of B Class shares	**24,424**	18,404

34 Financial instruments

(a) Financial instruments

The company uses financial instruments to reduce its exposure to foreign currency and interest rate movements as disclosed in note 13.

(i) Trade accounts receivable and payable at 30 April 2007 include aggregate net receivables of USD41,788,000 and HKD2,463,000 in respect of sales proceeds and purchases due in foreign currencies.

(ii) At 30 April 2007, the net deferred unrealised loss on the USD forward foreign exchange contracts was $83,000 AUD (2006: gain $1,921,435).

(b) Credit risk exposures

The carrying amounts of financial assets included in the consolidated balance sheet represents the consolidated entity's maximum exposure to credit risk in relation to these assets. Where entities have a right of set-off and intend to settle on a net basis, this set-off has been reflected in the financial statements in accordance with accounting standards.

The credit exposure of interest rate swaps and forward foreign exchange contracts is represented by the net fair values of the contracts, as disclosed.

34 Financial instruments (continued)

(c) Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective interest rates on financial instruments at balance date are:

30 April 2007	Weighted Average Effective Int Rate	Floating Interest Rate	Fixed Interest Rate Maturities 1 year or less	1 - 5 years	Over 5 years	Non Interest Bearing	Total
Assets	**%**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Cash	5.9	6,966	-	-	-	-	6,966
Trade debtors and receivables	-	-	-	-	-	85,051	85,051
Other financial assets - investments	-	-	-	-	-	5,536	5,536
Total financial assets		**6,966**	-	-	-	**90,587**	**97,553**
Liabilities							
Trade and other payables	-	-	-	-	-	158,139	158,139
Grower payables & bonuses	-	-	-	-	-	70,719	70,719
Bank overdrafts	9.9	6,745	-	-	-	-	6,745
Bank and other loans	6.9	126,044	-	113,700	-	-	239,744
Interest rate swaps	5.9	(55,350)	-	55,350	-	-	-
Rice Bonds	8.6	-	12,457	30,184	-	-	42,641
Total financial liabilities		**77,439**	**12,457**	**199,234**	**-**	**228,858**	**517,988**
Net financial liabilities		**70,473**	**12,457**	**199,234**	**-**	**138,271**	**420,435**

30 April 2006	Weighted Average Effective Int Rate	Floating Interest Rate	Fixed Interest Rate Maturities 1 year or less	1 - 5 years	Over 5 years	Interest Bearing	Non Total
Assets	**%**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Cash	5.4	3,519	-	-	-	-	3,519
Trade debtors and receivables	-	-	-	-	-	77,221	77,221
Other financial assets - investments	-	-	-	-	-	4,843	4,843
Total financial assets		3,519	-	-	-	82,064	85,583
Liabilities							
Trade and other payables	-	-	-	-	-	46,512	46,512
Grower payables & bonuses	-	-	-	-	-	165,306	165,306
Bank overdrafts	9.4	4,110	-	-	-	-	4,110
Bank and other loans	6.1	162,296	-	86,200	-	-	248,496
Interest rate swaps	5.7	(41,350)	-	41,350	-	-	-
Term deposits	5.7	-	20	205	-	-	225
Rice Bonds	8.6	-	10,302	48,696	-	-	58,998
Total financial liabilities		125,056	10,322	176,451	-	211,818	523,647
Net financial liabilities		121,537	10,322	176,451	-	129,754	438,064

Fair value of financial assets and liabilities

The Directors consider the carrying amount of financial assets and liabilities to approximate their fair values.

35 Key management personnel disclosures

(a) Directors

The Directors named in the Directors' Report each held office as a Director of Ricegrowers Limited during the year ended 30 April 2007.

(b) Other Key Management Personnel

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

Name	Position	Employer
C. Cassar	Chief Financial Officer	Ricegrowers Limited
G. Harvey	General Manager, Operations	Ricegrowers Limited
M. Bazley	General Manager, International Commodity and Trading	Ricegrowers Limited
D. Keldie	General Manager, Consumer Markets	Ricegrowers Limited
J. Lloyd	Chief Executive Officer	Riviana Foods Pty Ltd

All the above persons were also executives during the year ended 30 April 2006.

(c) Key Management Personnel and Directors Compensation

	Ricegrowers Limited		Consolidated	
	2007	2006	**2007**	2006
	$	$	**$**	$
Short term employee benefits	**2,750,170**	2,591,640	**3,189,348**	3,034,532
Post-employment benefits	**93,390**	146,149	**132,246**	179,309
Other long-term benefits	**254,370**	249,975	**254,370**	249,975
Share-based payments	**-**	-	**-**	-
	3,097,930	2,987,764	**3,575,964**	3,463,816

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

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits#	Cash Bonus	Equity Options/ Others	
	$	$	$	$	$	$	$	$
C Cassar								
2007	**354,998**	**48,457**	**-**	**12,595**	**-**	**-**	**-**	**416,050**
2006	329,297	30,000	-	12,048	-	-	-	371,345
G Harvey								
2007	**266,639**	**41,381**	**35,689**	**12,595**	**-**	**-**	**-**	**356,304**
2006	246,991	30,000	50,088	12,048	-	-	-	339,127
M Bazley								
2007	**262,212**	**59,332**	**-**	**27,611**	**-**	**-**	**-**	**349,155**
2006	206,160	70,000	-	27,958	-	-	-	304,118
D Keldie								
2007	**262,270**	**40,781**	**23,380**	**25,318**	**-**	**-**	**-**	**351,749**
2006	204,781	30,000	26,662	27,041	-	-	-	288,484
J Lloyd								
2007	**349,728**	**43,152**	**46,298**	**38,856**	**-**	**-**	**-**	**478,034**
2006	335,281	43,152	64,459	33,160	-	-	-	476,052

35 Key management personnel disclosures (continued)

(ii) Service agreements

The CEO, Gary Helou, is currently negotiating a service agreement which will be in force until 1 May 2010. This prescribes his Total Fixed Remuneration (currently $787,500) with an annual salary review (no increase guaranteed).

(iii) Remuneration for Directors of Ricegrowers Limited

	Short term benefits			Post employment benefits		Other long term benefits	Share based payments	Total
Name	Cash Salary and fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Retirement benefits #	Cash Bonus	Equity Options/ Others	
	$	$	$	$	$	$	$	$
GF Lawson								
2007	**87,128**	**-**	**-**	**7,842**	**(24,398)**	**-**	**-**	**70,572**
2006	88,892	-	-	8,007	(11,240)	-	-	85,659
DM Robertson								
2007	**54,042**	**-**	**-**	**4,864**	**(19,241)**	**-**	**-**	**39,665**
2006	57,570	-	-	5,249	(3,567)	-	-	59,252
BL Barber								
2007	**35,866**	**-**	**-**	**3,228**	**(11,023)**	**-**	**-**	**28,071**
2006	36,622	-	-	3,296	(3,881)	-	-	36,038
NG Graham								
2007	**33,598**	**-**	**-**	**3,024**	**3,578**	**-**	**-**	**40,200**
2006	35,614	-	-	3,205	12,596	-	-	51,415
G Helou								
2007	**775,041**	**186,254**	**-**	**12,459**	**-**	**254,370**	**-**	**1,228,124**
2006	738,091	237,263	-	11,909	-	249,975	-	1,237,238
RA Higgins								
2007	**41,874**	**-**	**-**	**3,769**	**-**	**-**	**-**	**45,643**
2006	17,331	-	-	1,560	-	-	-	18,891
GL Kirkup								
2007	**31,330**	**-**	**-**	**2,820**	**-**	**-**	**-**	**34,150**
2006	12,949	-	-	1,644	-	-	-	14,593
GF Latta								
2007	**42,702**	**-**	**-**	**-**	**29,479**	**-**	**-**	**72,181**
2006	49,758	-	-	-	13,882	-	-	63,640
N McAllister								
2007	**32,590**	**-**	**-**	**2,933**	**(14,264)**	**-**	**-**	**21,259**
2006	41,410	-	-	3,727	4,304	-	-	49,441
*BK Vial **								
2007	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2006	18,311	-	-	1,648	-	-	-	19,959
AD Walsh								
2007	**34,606**	**-**	**-**	**3,115**	**7,086**	**-**	**-**	**44,807**
2006	33,850	-	-	3,047	11,668	-	-	48,565

* Resigned 27/10/05

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

35 Key management personnel disclosures (continued)

(d) Share holdings with Directors and Director related entities

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

Issuing entity	**2007**	2006
Ricegrowers Limited	**257,810**	99,613

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

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

Issuing entity	**2007**	2006
Ricegrowers Limited	**608,093**	350,283

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

Transaction type and class of the other party	**Ricegrowers Limited**	
	2007 $000's	2006 $000's
Purchases of rice from Directors	**3,190**	4,013
Purchases of grain from Directors	**227**	106
Sale of inputs to Directors	**175**	296
Sale of stockfeed to Directors	**56**	-
Purchase of assets from Directors	**-**	6

36 Segment information

(a) Description of segments

Business Segments

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

Rice Milling & Marketing

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

Complementary Businesses

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

Other

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

Geographical Segments

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

Australia

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

Pacific

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

Other

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

36 Segment information (continued)

(b) Primary reporting - business segments

2007	Rice Milling & Marketing $000's	Complementary Businesses $000's	Other $000's	Intersegment Eliminations /Unallocated $000's	Total $000's
Segment revenue					
Sales to External customers	**312,258**	**420,815**	**807**	**-**	**733,880**
Intersegment sales	**177,781**	**673**	**204**	**(178,658)**	**-**
Other revenue	**14,046**	**6,270**	**638**	**(16,764)**	**4,190**
Total segment revenue	**504,085**	**427,758**	**1,649**	**(195,422)**	**738,070**
Segment result					
Segment result before paddy price supplement	**(10,335)**	**34,972**	**358**	**(2,419)**	**22,576**
Paddy price supplement	**11,867**	**(11,867)**			**-**
Profit before income tax expense	**1,532**	**23,105**	**358**	**(2,419)**	**22,576**
Income tax expense					**(7,752)**
Profit for the year					**14,824**
Segment assets	**521,092**	**186,597**	**4,996**	**(71,636)**	**641,049**
Unallocated assets					**12,748**
Total assets					**653,797**
Segment liabilities	**494,735**	**99,563**	**2,153**	**(56,263)**	**540,188**
Unallocated liabilities					**2,534**
Total liabilities					**542,722**
Other segment information					
Acquisitions of property plant and equipment and intangibles	**131,811**	**11,112**	**341**	**-**	**143,264**
Depreciation & amortisation expense	**14,077**	**6,105**	**176**	**-**	**20,358**
Investments in associates	**-**	**750**	**4,584**	**-**	**5,334**
Share of net profits of associates	**-**	**475**	**297**	**-**	**772**

36 Segment information (continued)

2006	Rice Milling & Marketing $000's	Complementary Businesses $000's	Other $000's	Intersegment Eliminations /Unallocated $000's	Total $000's
Segment revenue					
Sales to external customers	260,161	342,194	662	-	603,017
Intersegment sales	115,733	1,618	6,483	(123,834)	-
Other revenue	34,572	12,317	52	(44,458)	2,483
Total segment revenue	410,466	356,129	7,197	(168,292)	605,500
Segment result					
Segment result before paddy price supplement	(12,604)	18,091	1,009	583	7,079
Paddy price supplement	12,604	(12,604)	-	-	-
Profit before income tax expense	-	5,487	1,009	583	7,079
Income tax expense					(349)
Profit for the year					6,730
Segment assets	583,653	166,341	4,677	(132,078)	622,593
Unallocated assets					22,075
Total assets					644,668
Segment liabilities	568,222	89,041	2,168	(118,713)	540,718
Unallocated liabilities					6,933
Total liabilities					547,651
Other segment information					
Acquisitions of property plant and equipment and intangibles	3,884	9,398	132	-	13,414
Depreciation & amortisation expense	8,074	5,484	145	-	13,703
Investments in associates	-	-	4,287	-	4,287
Share of net profits of associates	-	-	390	-	390

(c) Secondary reporting - geographical segments

	Total Sales Revenue		Segment assets		Acquisitions property, plant & equipment, intangibles	
	2007 $000's	2006 $000's	**2007 $000's**	2006 $000's	**2007 $000's**	2006 $000's
Australia	**559,486**	450,233	**571,706**	557,392	**138,630**	7,855
Pacific	**177,866**	154,507	**59,407**	54,171	**4,162**	5,367
Other Countires	**718**	760	**9,936**	11,030	**472**	192
	738,070	605,500	**641,049**	622,593	**143,264**	13,414
Unallocated	**-**	-	**12,748**	22,075	**-**	-
Total assets	**738,070**	605,500	**653,797**	644,668	**143,264**	13,414

36 Segment information (continued)

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

(i) Accounting policies

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

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

(ii) Inter-segment transfers

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

37 Remuneration of auditors

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

(a) Assurance Services

	Ricegrowers Limited		**Consolidated**	
	2007	2006	**2007**	2006
Audit Services	**$**	$	**$**	$
Fees paid to PricewaterhouseCoopers Australian firm	**344,145**	322,700	**424,375**	427,020
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	-	**99,196**	104,313
Total remuneration for audit services	**344,145**	322,700	**523,571**	531,333
(b) Other assurance services				
Fees paid to PricewaterhouseCoopers Australian firm	**181,617**	181,227	**181,617**	188,648
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	-	**-**	-
Total remuneration for other assurance services	**181,617**	181,227	**181,617**	188,648
Total remuneration for assurance services	**525,762**	503,927	**705,188**	719,981
(c) Taxation Services				
Fees paid to PricewaterhouseCoopers Australian firm	**366,256**	710,602	**396,517**	734,414
Fees paid to related practices of PricewaterhouseCoopers Australian firm	**-**	-	**-**	-
Total remuneration for taxation services	**366,256**	710,602	**396,517**	734,414

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.

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Independent audit report to the members of Ricegrowers Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of Ricegrowers Limited (the company) and the Ricegrowers Limited Group (defined below) for the financial year ended 30 April 2007 included on Ricegrowers Limited's web site. The company's directors are responsible for the integrity of the Ricegrowers Limited's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and remuneration disclosures identified below. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report or the remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Audit opinion

In our opinion:

1. the financial report of Ricegrowers Limited:
    - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Rice growers Limited and the Ricegrowers Limited Group (defined below) as at 30 April 2007, and of their performance for the year ended on that date, and
    - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001* and
2. the remuneration disclosures that are contained on pages 32 to 33 of the directors' report and pages 70 to 72 of the accompanying notes to the financial statements comply with Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

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PRICEWATERHOUSECOOPERS

Scope

The financial report, remunerations disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statements, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for both Ricegrowers Limited (the company) and the Ricegrowers Limited Group (the consolidated entity), for the year ended 30 April 2007. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 124, under the heading "remuneration report" on pages 32 to 33 of the directors' report and pages 70 to 72 of the accompanying notes to the financial statements, as permitted by the *Corporations Regulations 2001*.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 124 and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

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PRICEWATERHOUSECOOPERS

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers



B Hastie
Partner

Sydney
18 June 2007

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Coleambally, Deniliquin, Leeton, Lae and Aqaba

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The Rice Food Experts