APPENDIX 4D: HALF-YEAR REPORT

RICEGROWERS LIMITED

ABN:	FINANCIAL HALF-YEAR ENDED:	LODGMENT DATE:
55 007 481 156	31 OCTOBER 2019	18 DECEMBER 2019

Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the Annual Report for the year ended 30 April 2019 and any public announcements made by Ricegrowers Limited ("SunRice" or 'Group") since the start of the current financial year, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

ABOUT SUNRICE'S STRUCTURE

The structure of SunRice contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares. A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on the ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms, the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution. B Class Shares are quoted on the ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue. For more details of the non-standard elements of SunRice's structure see https://corporate.sunrice.com.au/investors/.

REPORTING PERIOD AND REPORTED INFORMATION

The current reporting period is the half-year ended 31 October 2019 and the previous corresponding reporting period is the half-year ended 31 October 2018.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$000
Revenue from ordinary activities	**Down**	**6.8%**	to	542,956
Profit after tax	**Down**	**10.2%**	to	12,467
Profit after tax attributable to B Class shareholders	**Up**	**11.1%**	to	14,838

	Current period	Previous corresponding period
Net tangible assets backing per ordinary security	$7.50	$7.29
Basic and diluted earnings per B Class share (cents)	25.3	23.3
Interim dividend		
Amount per security	n/a	n/a
Franked amount per security	n/a	n/a
It is not proposed to pay a dividend for the six-months period ended 31 October 2019.		

COMMENTARY ON RESULTS FOR THE PERIOD

Details of the results of the Group for the period ended 31 October 2019 are included in the attached Interim Financial Report.

DETAILS OF ASSOCIATES

Trukai Industries Limited, which is 66.23% owned by Ricegrowers Limited, has the following associate:

Name of associate

Pagini Transport (incorporated in Papua New Guinea) Principal activity: Transport

Reporting entities percentage holding

Pagini Transport 30.44% (31 October 2018: 30.44%)

CONTROLLED ENTITIES

There have been no changes in controlled entities in the six months period to 31 October 2019.

OTHER INFORMATION REQUIRED

Please refer to the attached Interim Financial Report and the 2019 Annual Report for other information required.

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

RICEGROWERS LIMITED & CONTROLLED ENTITIES
ABN 55 007 481 156

CONTENTS

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

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

Ricegrowers Limited
57 Yanco Avenue
LEETON NSW 2705

Its shares are listed on the Australian Securities Exchange (code SGL/SGLLV).

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 half year ended 31 October 2019.

1. Directors

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

LJ Arthur (Chairman)
RF Gordon (Chief Executive Officer)
GA Andreazza (retired on 22 August 2019)
JMJ Bradford
L Catanzaro
AJ Crane
ID Glasson
GL Kirkup
IR Mason
DM Robertson (retired on 22 August 2019)
LK Vial
JJ Morton (appointed on 22 August 2019)
JL Zanatta (appointed on 22 August 2019)

2. Company Secretary

M Del Gigante

3. Principal activities

The principal activities of Ricegrowers Limited and its controlled entities consist of the receipt and storage of paddy rice, milling of rice, manufacturing, distribution and marketing of rice, rice based products, animal feed and nutrition products and other grocery, gourmet and entertainment food products, research and development into the growing of rice, and processing of rice and related products.

4. Consolidated entity result

The consolidated profit before income tax of the Group for the interim period amounted to $15,645,000 (2018: $21,391,000). The net profit after income tax of the Group for the period was $12,467,000 (2018: $13,877,000). The net profit of the Group after income tax and after non-controlling interests was $14,838,000 (2018: $13,356,000).

5. Review of operations

SunRice Group overview

In a year when the SunRice Group has faced significant challenges on a number of fronts, including the ongoing drought conditions in Australia, the resilience of the Group's business model has been on display, with generation of a Net Profit After Tax (NPAT) in the first half of Financial Year 2020 (1H FY2020) of $12.5 million.

The SunRice Group continues to deliver through the cycle of seasonal conditions in Australia, flexing its global international rice sourcing capability and integrated supply chains in other jurisdictions to meet growing demand from customers around the world.

This 1H FY2020 NPAT for the six-month period to 31 October 2019 was down on the previous corresponding period by $1.4 million or 10.2 per cent, however profit attributable to B Class shareholders was up by 11.1 per cent, with earnings per share improving by 8.6 per cent.

Revenue was $543 million, down 6.8 per cent on the previous corresponding period. SunRice notes that the half-year results are not expected to be directly proportional to the full-year results due to seasonal factors which influence the business.

1H FY2020 saw the Australian Rice Pool business process a large proportion of the approximately 300,000 paddy tonnes of volume carried over from the C18 crop. Fixed overheads in the business were absorbed to a greater extent than would have been the case with a lower volume carried over.

The SunRice Group continued leveraging its strong balance sheet to execute its 2022 Growth Strategy, including the maintenance of an active capital expenditure program and the pursuit of new merger and acquisition opportunities to further diversify and increase earnings. This includes the finalisation of the construction of a new $11 million stabilised bran plant in Leeton, which became operational in 1H FY2020, approval of upgrades to SunRice's Rice Food facilities in Leeton and the repurposing of the Group's former Coleambally rice mill to a CopRice feed mill.

In addition, 1H FY2020 saw the commissioning and successful establishment of the SunRice Group's Lap Vo Mill in southern Vietnam. SunRice has invested significantly in upgrading this mill, including the installation of world-class milling technology, which is enabling it to support the fulfilment of growing global demand, and delivering a key component of the Group's 2022 Growth Strategy. Throughput at the Lap Vo Mill is expected to continue growing through 2H FY2020, supported by the recent doubling of the approved capacity under its Rice Export Licence.

Also within the SunRice Group's International Rice segment, the Singapore business increased procurement activities for the coming year, which will deliver significant contribution to the Group. Meanwhile, SunRice's Papua New Guinea business, Trukai Industries Limited, challenged in maintaining its strong market position due to deteriorating economic conditions and aggressive pricing strategies of competitors, recorded a 1H FY2020 loss.

The performance of Riviana Foods was slightly up on the previous corresponding period, and the FY2019 acquisition of Roza's Gourmet has been fully integrated, with further benefits anticipated in 2H FY2020.

The SunRice Group's stockfeed and companion animal products business, CopRice, has also been impacted by ongoing drought conditions in southern Australia, with lower volumes and higher input costs, particularly across the dairy category.

During 1H FY2020 CopRice completed its acquisition of the FeedRite assets, a manufacturer of premium extruded rice bran based equine feed, and has begun the process of capital investment to upgrade the facility, with commissioning expected during 1H FY2021.

The Rice Food business, which manufactures, markets and distributes SunRice's value-added rice-based products, continues to implement a range of initiatives and capital investments to improve performance. These strategic initiatives are expected to realise benefits into the future.

The Group's effective tax rate for the half year ended 31 October 2019 is 20 per cent, compared to 35 per cent for the half year ended 31 October 2018. This results from a combination of factors including the Group's continuing expansion of its international footprint, sourcing and trading activities, including in Asia, as well as the impact of the smaller C19 crop and the mix of jurisdictions in which the Group's profit is being generated.

Segment performance

Rice Pool

Despite the drought, the Rice Pool business has been active in mitigating the risks posed by the ongoing drought conditions, low water availability and high water prices in the Riverina. The Rice Pool's focus on prioritising the supply of Australian rice into premium markets has been highlighted and underlined the value of its strong brands and product portfolio. SunRice has secured high prices in premium markets which demand Australian rice, and successfully worked through a number of challenges, including the lower quality of the C18 crop (approximately 300,000 paddy tonnes of which was carried over into FY20).

In order to ensure SunRice's premium markets received the best rice at the highest possible returns for the business, the milling program was weighted towards 1H FY2020. While the carrying forward of a significant volume of rice from C18 ensured a strong milling program in 1H FY2020, the loss in the Rice Pool is expected to increase throughout 2H FY2020 as carry over crop is exhausted and there is greater under-recovery of the asset base.

The small C19 crop led to the restructure of SunRice's Riverina operations, given the lower processing and storage demand, which led to approximately $1 million in redundancy costs being absorbed in 1H FY2020 (in addition to approximately $2 million which were absorbed in FY2019). Given the expected C20 crop is anticipated to be smaller again than C19, SunRice recently made the difficult decision to undertake further restructuring which will incur additional redundancy costs of approximately $3.5 million in 2H FY2020.

Despite the ongoing drought conditions, SunRice has continued to purposefully invest in key projects within the Riverina to ensure that facilities are maintained so that when seasonal conditions improve and plantings increase, the business is in a position to ramp up as quickly and efficiently as possible.

International Rice

Revenues increased by $26.4 million 1H FY2020, with Net Profit Before Tax (NPBT) improving by $0.4 million compared to the previous corresponding period.

In the Traded Rice business in Singapore, SunRice's sourcing capabilities were flexed during 1H FY2020, with strong performance in this business unit. The depth of SunRice's global supply chain and diversity of sources of rice has meant that the Group has been able to match the required style and quality of rice to each market. This included the Lap Vo Mill in Vietnam beginning production in 1H FY2020, which will continue to ramp up throughout 2H FY2020 as the remaining capital is commissioned. The International Rice segment is expected to overall contribute more strongly to Group NPAT throughout 2H FY2020.

The SunRice Group continued delivering upon its strategic objective of increasing its global presence in 1H FY2020. Of particular focus was building Singapore as a base that provides SunRice with a regional presence and proximity to service the burgeoning markets across South East Asia and to build international supply chains. New supply sources were successfully activated in 1H FY2020 across Asia (which will expand to South America in 2H FY2020).

The unexpected change of Government in Papua New Guinea in 1H FY2020 led to deteriorating economic conditions. These conditions, coupled with aggressive pricing strategies from other suppliers in that market, have significantly weighed on the performance of the Trukai business, resulting in lower sales volume and higher inventories throughout 1H FY2020. This diluted the impact of the increased earnings in the Singapore business in the segment result. In the latter part of 1H FY2020, the Trukai business began to sell through some of the inventories in market demonstrating signs of stabilisation which, coupled with some key initiatives targeted around the current economic climate, show a more positive outlook for 2H FY2020.

Rice Food

The Rice Food segment recorded NPBT of $2 million, which was a decrease of $1.7 million when compared to the previous corresponding period.

The largest impact to year-on-year trading performance relates to performance of ready-to-go meals and microwave rice categories. The declining Australian dollar impacted the cost of globally imported products and, in microwave rice categories, SunRice continues to experience aggressive pricing of competitor products. SunRice continues to implement cost saving initiatives and capital investments which are expected to realise benefits across the healthy snacking and convenience portfolios into the future. This includes the approval of a significant capital project in 1H FY2020 which will further enhance production in the Leeton Rice Food facility.

Riviana Foods

Revenues increased by $5.4 million in 1H FY2020, with NPBT increasing by $0.2 million or 5 per cent compared to the previous corresponding period.

The performance of Riviana Foods is slightly up on the previous corresponding period, with increased sales and organic growth across all categories, in particular pickled vegetables and the Always Fresh branded products. Roza's Gourmet, which contributed to the full 1H 2020 result after its acquisition in September 2018, is delivering improved performance as the business continues to integrate into the Group.

Fehlbergs Fine Foods continues to deliver for the Group with strong growth since acquisition in 2016. Both of these positives are offsetting the adverse impacts of the low Australian dollar on globally imported products being experienced by Riviana Foods. Fehlbergs Fine Foods and Roza's Gourmet are positive examples of accretive merger and acquisitions opportunities being pursued by the SunRice Group.

Riviana Foods continues to actively explore further merger and acquisition opportunities aligned with the SunRice Group's 2022 Growth Strategy, aimed at expanding the portfolio and diversifying Group earnings.

CopRice

Revenues decreased by $10.4 million in 1H FY2020, with NPBT decreasing $5.1 million compared to the previous corresponding period.

Whilst CopRice managed its grain purchases and commodities closely, certain stock levels are required to be maintained to run the business and falling grain prices in 1H FY2020 as compared to rising prices last year, have driven margin pressure and reversed the revaluation benefits experienced in the prior year.

CopRice has also been impacted by ongoing drought conditions, by way of lower volumes and higher input costs. In dairy, particularly in Northern Victoria, prolonged dry conditions and lack of water availability are resulting in livestock numbers reducing, limiting the demand for supplementary feed. With the higher milk price CopRice is expecting to see an improvement in 2H FY2020.

The sheep and beef feed categories continue to perform well above historical averages however are down on the previous corresponding period due to ongoing drought conditions. CopRice has experienced solid margin growth in its packaged dog and horse feed businesses.

Given CopRice utilises the rice hulls and other by-products of the Rice Pool business in its products, the smaller C19 Australian crop has meant less by-products have been available, which has led to lower margins being earned by CopRice.

CopRice continues to pursue growth initiatives, such as the investments in the new rice bran stabilisation plant in Leeton, commissioned in September 2019 and the repurposing of the Coleambally rice mill to a ruminant plant. These initiatives are expected to realise incremental profit during 2H FY2020. CopRice also acquired the FeedRite assets at the beginning of FY2020, which included an extrusion plant that will come online in 1H FY2021. Other merger and acquisition opportunities continue to be pursued by CopRice as a key part of the SunRice Group's 2022 Growth Strategy.

Corporate

Corporate's NPBT is up on the previous corresponding period by $0.2 million with the key drivers being lower interest charges as a result of lower average borrowings within the Group in the current period and the non-repeat of costs incurred as part of the ASX listing in the prior year, offset by the non-repeat of an investment property revaluation taken in the previous corresponding period.

Balance sheet and cash flow metrics

On 1 May 2019, the Group adopted the new AASB 16 Leasing standard, the effects of which have been detailed in note 2 to the financial statements. In summary, on adoption, the new rules added right of use assets of $15.7 million and lease liabilities of $16.3 million to the Group's balance sheet.

While this had no impact on the ability of the Group to comply with the covenants attached to its banking facilities in the current period, this primarily contributed to the increase in net debt from $109.6 million at 30 April 2019 to $129.9 million at 31 October 2019, which in turn triggered an increase in the gearing ratio from 19 per cent at 30 April 2019 to 22 per cent at 31 October 2019.

The impact of this new leasing standard on the gearing ratio remains limited. It would have been 20 per cent at 31 October 2019 under the previously applicable accounting rules.

In 1H FY2020, the Group generated net cash inflows from operating activities of $29.5m compared to net cash outflows of $56.3m in the prior corresponding period. This was primarily due to lower payments made to Riverina rice growers in 1H FY2020 ($66.7 million compared to $177.3 million in the previous period) as a result of the smaller C19 crop compared to C18, while sales in the first half of the current year continued to be supported by the significant amount of inventory carried over from C18.

Strategic outlook

The SunRice Group continues to deliver its 2022 Growth Strategy and is focused on the further expansion and diversification of its earnings.

At this point, the Australian drought conditions are expected to continue impacting the SunRice Group through FY2021. During 1H FY2020, SunRice announced record prices to growers in the Riverina of NSW, which ensured some volume will be planted in the C20 Australian crop year, despite ongoing drought conditions, low water availability and high prices. While the C20 crop is still anticipated to be lower than C19, when coupled with volume of crop carried over from prior years, this reduced volume of rice is expected to maintain a milling program at the Deniliquin and Leeton mills through until at least early 2021. This should allow key skills to be retained, which will enable the Rice Pool business to flex back up when seasonal conditions improve and crop sizes increase.

In parallel, as mentioned previously, strategic focus on sourcing from existing and new supply chains remains a key focus to ensure that the SunRice Group has profitable options to service growing demand in global markets. The Group will continue to actively manage the risks posed by the reduced Australian crop, and ensure any shortfalls are managed to meet growing demand.

In the Rice Food business and elsewhere, the innovation pipeline remains strong and 2H FY2020 will see the launch of several initiatives, the benefits of which will likely be seen in FY2021. Capital is being invested strategically to ensure there are high-quality and efficiently produced products to ensure competitiveness in key markets and increased earnings. In addition, new market entry and expansion across multiple geographies continues to be a key area of opportunity and focus.

Strategic merger and acquisition remains a clear focus for the business to continue to build growth in key segments, particularly CopRice and Riviana Foods, and diversify the earnings of the Group and deliver upon the 2022 Growth Strategy.

In conclusion, whilst earnings are down versus the prior year, in light of the continuing Australian drought conditions SunRice is pleased with the 1H FY2020 result. SunRice remains focused on maintaining markets and tightly managing costs, whilst making prudent commercial decisions and purposefully investing to leverage the Group's strong balance sheet and deliver the 2022 Growth Strategy.

6. Significant changes in the state of affairs

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

7. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

8. Rounding of amounts to the nearest thousand dollars ($000's)

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report and interim financial report. Amounts in the directors' report and interim financial report have been rounded off to the nearest thousand dollars, in accordance with the instrument.

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

For and on behalf of the Board.

L Arthur
Chairman

R Gordon
Director

18 December 2019

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2019, 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 review; and

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

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

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
18 December 2019

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CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

	Note	Half year October 2019 $000's	Half year October 2018 $000's
Sales revenue	4	540,955	580,918
Other revenue	4	2,001	1,947
Revenue from continuing operations		542,956	582,865
Other income		42	1,794
Changes in inventories of finished goods		993	10,399
Raw materials and consumables used		(332,113)	(358,371)
Freight and distribution costs		(51,978)	(56,320)
Employee benefits expense		(74,223)	(74,104)
Depreciation and amortisation expenses		(12,450)	(10,716)
Finance costs		(3,786)	(4,755)
Other expenses	5	(53,796)	(70,673)
Share of net profit of associate accounted for using the equity method		-	1,272
Profit before income tax		15,645	21,391
Income tax expense		(3,178)	(7,514)
Profit for the half year		12,467	13,877
Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		14,838	13,356
Non-controlling interests		(2,371)	521
		12,467	13,877
Earnings per share for profit attributable to B class shareholders			
Basic and diluted earnings (cents per share)	12	25.3	23.3

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

	Half year October 2019 $000's	Half year October 2018 $000's
Profit for the half year	12,467	13,877
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	(1,335)	(1,502)
Exchange differences on translation of foreign operations	1,507	4,564
Income tax relating to items of other comprehensive income	312	451
Other comprehensive income for the half year, net of tax	484	3,513
Total comprehensive income for the half year	12,951	17,390
Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	15,059	16,096
Non-controlling interests	(2,108)	1,294
	12,951	17,390

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

AS AT 31 OCTOBER 2019

	Note	31 October 2019 $000's	30 April 2019 $000's
Current assets			
Cash and cash equivalents		37,639	22,441
Receivables		150,193	168,251
Inventories		303,953	361,392
Current tax receivable		2,535	1,981
Derivative financial instruments		884	1,370
Total current assets		495,204	555,435
Non-current assets			
Other financial assets		37	37
Property, plant and equipment		262,723	239,677
Investment properties		2,900	2,900
Intangible assets		14,665	14,145
Deferred tax assets		19,319	14,872
Investments accounted for using the equity method		2,850	2,821
Total non-current assets		302,494	274,452
Total assets		797,698	829,887
Current liabilities			
Payables		136,123	134,064
Amounts payable to Riverina Rice Growers		-	66,220
Borrowings	6	73,150	39,465
Current tax liabilities		2,968	5,719
Provisions		21,587	22,507
Derivative financial instruments		1,239	899
Total current liabilities		235,067	268,874
Non current liabilities			
Payables		2,081	1,707
Borrowings	6	94,397	92,529
Provisions		3,756	3,873
Total non-current liabilities		100,234	98,109
Total liabilities		335,301	366,983
Net assets		462,397	462,904
Equity			
Contributed equity	7	128,440	122,852
Reserves	8	8,342	7,355
Retained profits		301,669	306,643
Capital and reserves attributable to the owners of Ricegrowers Limited		438,451	436,850
Non-controlling interests		23,946	26,054
Total equity		462,397	462,904

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interests	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Balance as at 30 April 2019	122,852	7,355	306,643	436,850	26,054	462,904
Change in accounting policy	-	-	(600)	(600)	-	(600)
Restated balance as at 1 May 2019	122,852	7,355	306,043	436,250	26,054	462,304
Profit for the half year	-	-	14,838	14,838	(2,371)	12,467
Other comprehensive income	-	221	-	221	263	484
Total comprehensive income for the half year	-	221	14,838	15,059	(2,108)	12,951
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	5,471	-	-	5,471	-	5,471
Share based payments - Issue of shares to employees	117	(117)	-	-	-	-
Share based payments - Value of employee services	-	883	-	883	-	883
Dividends distributed	-	-	(19,212)	(19,212)	-	(19,212)
	5,588	766	(19,212)	(12,858)	-	(12,858)
Balance as at 31 October 2019	128,440	8,342	301,669	438,451	23,946	462,397

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity	Reserves	Retained earnings	Total	Non-controlling interests	Total
	$000's	$000's	$000's	$000's	$000's	$000's
Balance as at 1 May 2018	111,855	3,978	293,925	409,758	24,375	434,133
Profit for the half year	-	-	13,356	13,356	521	13,877
Other comprehensive income	-	2,740	-	2,740	773	3,513
Total comprehensive income for the half year	-	2,740	13,356	16,096	1,294	17,390
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	7,454	-	-	7,454	-	7,454
Share based payments - Issue of shares to employees	587	(587)	-	-	-	-
Share based payments - Value of employee services	-	1,029	-	1,029	-	1,029
Acquisition of treasury shares	2,956	(2,956)	-	-	-	-
Issue of treasury shares to employees	-	113	-	113	-	113
Dividends distributed	-	-	(18,780)	(18,780)	(30)	(18,810)
	10,997	(2,401)	(18,780)	(10,184)	(30)	(10,214)
Balance as at 31 October 2018	122,852	4,317	288,501	415,670	25,639	441,309

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

	Half year October 2019 $000's	Half year October 2018 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	580,474	614,034
Payments to suppliers (inclusive of goods and services tax) and employees	(469,936)	(486,033)
Payments to Riverina Rice Growers	(66,743)	(177,334)
Interest received	78	229
Interest paid	(3,448)	(4,394)
Income taxes paid	(10,930)	(2,784)
Net cash inflow / (outflow) from operating activities	29,495	(56,282)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(19,075)	(20,614)
Payments for acquisition of business	-	(5,855)
Proceeds from sale of property, plant and equipment	137	71
Net cash outflow from investing activities	(18,938)	(26,398)
Cash flows from financing activities		
Proceeds from borrowings	231,530	199,230
Repayment of borrowings	(207,760)	(145,000)
Proceeds from issue of shares	-	686
Repayment of lease liabilities	(1,414)	(140)
Dividends paid	(13,932)	(13,358)
Net cash inflow from financing activities	8,424	41,418
Net increase / (decrease) in cash and cash equivalents	18,981	(41,262)
Cash at the beginning of the half year	10,440	122,902
Effect of exchange rate changes on cash	168	2,126
Cash and cash equivalents at the end of the half year	29,589	83,766

Reconciliation to cash at the end of the half year

Cash at the end of the half year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated balance sheet as follows:

Cash and cash equivalents	37,639	83,766
Deduct bank overdraft	(8,050)	-
	29,589	83,766

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 OCTOBER 2019

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2019 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 April 2019 and any public announcements made by Ricegrowers Limited during the interim reporting period and up to the date of this interim financial report, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards (as set out below) and the estimation of income tax expense which is recognised based on the Group's best estimate of the weighted average effective annual income tax rate expected for the full financial year.

a. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 2 below.

The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

b. Impact of standards issued but not yet applied by the Group

There are no standards that are effective for periods beginning on or after 1 May 2020 and that are expected to have a material impact on the Group in the current or future reporting periods.

c. Significant events of the period

For a detailed discussion about the Group's performance and financial position, refer to our review of operations on pages 2 to 5.

2. Changes in accounting policy

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 May 2019.

The Group has adopted AASB 16 applying a modified retrospective approach from 1 May 2019, but has not restated comparatives for the previous reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 May 2019.

a. Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases.

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 May 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 3.6%.

	$000's
Operating lease commitments disclosed as at 30 April 2019	**19,338**
Discounted using the Group's incremental borrowing rate at the date of initial application	(1,003)
(Less): short-term leases recognised on a straight-line basis as expense	(1,577)
(Less): low-value leases recognised on a straight-line basis as expense	(23)
(Less): contracts reassessed as service agreements	(7,670)
Add: adjustments as a result of a different treatment of extension and termination options	7,192
Lease liability recognised as at 1 May 2019	**16,257**
Of which are:	
Current lease liabilities	3,463
Non-current lease liabilities	12,794
	16,257

*The above table only includes items previously classified as operating leases and does not include existing finance leases

The associated right-of-use assets for Land & Buildings leases were measured on a retrospective basis as if the new rules had always been applied.

The associated right-of-use assets for Plant & Equipment leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 April 2019.

The recognised right-of-use assets relate to the following types of assets:

	31 October 2019 $000's	1 May 2019 $000's
Land & Buildings	**12,053**	12,998
Plant & Equipment	**2,661**	2,746
Total right-of-use assets (included in property, plant and equipment)	**14,714**	15,744

*The above table only includes items previously classified as operating leases and does not include existing finance leases

The change in accounting policy affected the following items in the balance sheet on 1 May 2019:

	Increase / Decrease	Amount $000's
Right-of-use assets (included in property, plant and equipment)	Increase	15,744
Net deferred tax assets	Increase	253
Lease liabilities	Increase	16,257
Payables	Increase	340
Retained Earnings net impact	Decrease	600

*The above table only includes items previously classified as operating leases and does not include existing finance leases

Profit before income tax for the period ended 31 October 2019 decreased and assets at 31 October 2019 increased as a result of the change in accounting policy. The Group's segments were affected by the change in policy as shown below:

	Profit before income tax $000's	Assets $000's
Rice Pool	(8)	3,226
International Rice	(58)	3,633
Rice Food	-	-
Riviana	(4)	673
Coprice	-	-
Corporate	(83)	7,182
	(153)	**14,714**

*The above table only includes items previously classified as operating leases and does not include existing finance leases

b. Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

c. The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 7 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 May 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using an incremental borrowing rate, being the rate that the respective subsidiary of the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment.

(i) Extension and termination options

Extension and termination options are included in a number of Land & Buildings leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(ii) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of $4,194,000 have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

d. Critical judgements in determining whether a contract contains a lease using the new definition in AASB 16

In determining whether a contract contains a lease under AASB 16, management has reviewed existing contracts and applied judgement based on the new standard. The right to control and the right of use of the asset for the period of the lease has been assessed by applying significant judgements on some of the following areas:

- determining as a lessee, whether there is reasonable certainty to extend or terminate a contract;
- assessing the economic incentives that are exclusive to the Group from the contract; and
- evaluating whether a contract contains substantive service elements.

3. Fair value measurement

The Group's assets and liabilities carried at fair value are mainly related to currency and interest rate derivatives. As there is no price quoted in an active market for these financial instruments (level 2), the fair value of these financial instruments is determined based on dealer quotes for similar instruments. The valuation inputs are calculated in accordance with industry norms and the inputs include spot market exchange rates and published interest rates.

The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 inputs.

Only the investment property is classified as level 3, as the fair value is determined by an independent valuation.

The following table presents the Group's financial assets and liabilities measured and recognised at fair value on a recurring basis:

	31 October 2019			30 April 2019		
	Level 2 $'000	Level 3 $'000	Total $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets						
Investment property	-	2,900	2,900	-	2,900	2,900
Derivatives used for hedging						
Foreign exchange contracts	884	-	884	1,370	-	1,370
Total assets	884	2,900	3,784	1,370	2,900	4,270
Liabilities						
Derivatives used for hedging						
Foreign exchange contracts	98	-	98	-	-	-
Interest rate swaps	1,141	-	1,141	899	-	899
Total liabilities	1,239	-	1,239	899	-	899

There was no transfer between levels for recurring fair value measurements during the half-year.

The Directors consider the carrying amounts of other financial instruments approximate their fair value, due to either their short-term nature or being at market rates. These financial instruments include trade receivables, trade payables, bank overdrafts, bank loans and amounts payable to Riverina Rice Growers.

4. Revenue

	Half Year October 2019 $000's	Half Year October 2018 $000's
Sale of goods	540,955	580,918
Sales revenue	540,955	580,918
Interest received	78	229
Other sundry items	1,923	1,718
Other revenue	2,001	1,947
Revenue from continuing operations	542,956	582,865

5. Expenses

Profit before income tax includes the following expense items:

	Half Year October 2019 $000's	Half Year October 2018 $000's
Energy	5,895	5,517
Advertising and artwork	7,654	13,864
Contracted services	11,355	11,676
Equipment hire and other rental expenses	5,820	6,661
Repairs and maintenance	4,018	5,337
Motor vehicle and travelling expenses	4,079	4,463
Insurances	2,613	1,752
Research and development	338	288
Internet, telephone and fax	1,310	1,497
Training	494	1,265
Net foreign exchange losses	298	6,352
ASX listing related costs	-	1,083
Other	9,922	10,918
Total other expenses	53,796	70,673

6. Borrowings

	31 October 2019 $000's	30 April 2019 $000's
Current		
Secured		
Bank overdrafts	8,050	12,001
Bank loans - Seasonal debt	62,000	27,000
Net accrued interest and capitalised borrowing costs	(90)	(172)
Lease liability (note 2)	3,190	636
	73,150	39,465
Non current		
Secured		
Bank loans - Core debt	81,000	92,230
Net accrued interest and capitalised borrowing costs	(3)	(259)
Lease liability (note 2)	13,400	558
	94,397	92,529
Total borrowings	167,547	131,994

The Group manages its cash and borrowings on a net basis. At 31 October 2019, the Group had total borrowings of $167,547,000 (30 April 2019: $131,994,000) and $37,639,000 (30 April 2019: $22,441,000) in cash and cash equivalents. At 31 October 2019, Net Debt was $129,908,000 (30 April 2019: $109,553,000).

Significant terms and conditions of bank facilities

At 31 October 2019, the Seasonal bank facility (including a trade finance and transactional banking facility) and the Core bank facility remain unchanged compared to 30 April 2019 ($180,000,000 and $220,000,000 respectively).

The Australian bank borrowings, including overdrafts and other facilities, are secured by registered mortgages over all property, registered equitable mortgages over all assets of the Obligor Group and a cross-guarantee between each member of the Obligor Group. The trade finance and transactional banking facility of $80,000,000 is an uncommitted facility.

Under the terms of the banking facilities, the Group is required to comply with a set of financial covenants. The Group complied with these covenants throughout the reporting period and up to the date of this interim financial report.

At 31 October 2019, Trukai continues to benefit from a PGK 75,000,000 uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

7. Contributed equity

a. Share capital

	31 October 2019 $000's	30 April 2019 $000's
Fully paid Ordinary B Class Shares	128,440	122,852

B Class shares

B Class shares are non-voting shares and entitle the holder to participate in dividends. B Class shares have no par value.

The number of B Class shares on issue is detailed below.

A Class shares

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

At 31 October 2019, 605 A Class shares were on issue (30 April 2019: 706).

b. Movement in ordinary B class shares

Date	2019 Number of shares	2018 Number of shares	2019 $000's	2018 $000's
Balance at 1 May	58,725,413	56,769,031	122,852	111,855
Issue under Dividend Reinvestment Plan	941,217	949,628	5,280	5,422
Issue under Grower Share Purchase Plan	-	222,404	-	1,270
Issue under Employee Share Scheme - purchased shares	32,766	143,081	191	762
Issue under Employee Share Scheme - shares offered for no consideration	20,534	33,337	117	194
Issue of treasury shares	-	507,932	-	2,956
Issue under the Chief Executive Officer Long Term Incentive Plan	-	100,000	-	393
Balance at 31 October	59,719,930	58,725,413	128,440	122,852

Dividend Reinvestment Plan

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

Grower Share Purchase Plan

The company has established a Grower Share Purchase Plan (GSPP) under which eligible growers are given the opportunity to acquire ordinary B Class shares based on the number of paddy tonnes they deliver in any given crop year.

No offers were made under the GSPP in the current period.

Employee Share Scheme

The company has established an Employee Share Scheme (ESS) under which eligible employees are given the opportunity to acquire ordinary B Class shares out of their benefit entitlements or after tax funds.

Under the matching arrangement of the ESS, eligible employees may also be granted B Class shares for no consideration.

Treasury shares

Treasury shares issued in the prior period were B Class shares in Ricegrowers Limited that are held as unallocated B Class shares by the Ricegrowers Employee Share Trust for the purpose of allocating B Class shares that may be delivered in the future under the FY19-FY21 Chief Executive Officer Long Term Incentive Plan.

Chief Executive Officer Long Term Incentive Plan

B Class shares issued in the prior period related to vested ordinary B Class shares under the FY16-FY18 Chief Executive Officer Long Term Incentive Plan.

8. Reserves

	31 October 2019 $000's	30 April 2019 $000's
General reserve	28,453	28,453
Asset revaluation reserve	4,917	4,917
Foreign currency translation reserve	(15,478)	(16,722)
Hedging reserve - cash flow hedges	(654)	369
Transaction with non-controlling interests	(7,956)	(7,956)
Share-based payment reserve	2,016	1,250
Treasury shares reserve	(2,956)	(2,956)
	8,342	7,355

9. Dividends

On 27 June 2019, a fully franked final dividend of 33.0 cents per share ($19,212,000) was declared for the year ended 30 April 2019. An amount of $13,932,000 was paid on 30 July 2019, with the residual amount of $5,280,000 being issued in ordinary B Class shares under the company's dividend reinvestment plan (see note 7).

10. Segment information

The Corporate Management Team examines the Group's financial performance from a product and service perspective and has identified 6 reportable segments of its business.

In aggregating operating segments into reportable segments, the Group has considered the requirements of the accounting standards and notably the existence of similarities in economic characteristics, nature of products, market and customers.

Rice Pool

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels.

This includes supplying Australian markets and exporting Riverina rice to global markets across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies the Group's global subsidiaries, which can purchase rice from the Rice Pool at commercial prices to sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders. The net proceeds from the Rice Pool are not available to the Group's B Class Shareholders.

International Rice

The purchasing (whether from international sources - primarily the U.S or Asia - or the Rice Pool segment), processing, manufacturing, marketing and distribution of bulk or branded rice through intermediaries to consumers, food service and processing customers in world markets (including tender markets) and the Australian market where the varieties cannot be grown in Australia, including during times of low water availability.

International Rice is an aggregation of the main following operating segments:

- Global Rice and Ricegrowers Singapore, the global trading arms of the Group, sourcing and selling bulk or branded rice products in Australia or overseas and in tender markets.
- Trukai, SolRice, SunFoods, Ricegrowers Vietnam, Ricegrowers New Zealand and Ricegrowers Middle East, which are separate legal entities that distribute rice either in their respective local markets or internationally. SunFoods, Ricegrowers Vietnam and Trukai also mill locally sourced rice.

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments. The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

International rice also includes Aqaba Processing Company (a packing facility in Jordan), the Group's research and development Company (RRAPL) and the Brandon business in North Queensland. These operating segments present different performance profiles, but it is the Group's assessment that this does not materially impact the aggregated reportable segment due to the small contribution of these operating segments to International Rice.

Rice Food

The manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and pre-prepared meals, both in domestic and global markets.

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments. These operating segments have similar economic characteristics, including their gross margin.

Riviana Foods (Riviana)

The distribution and sale of both imported and locally manufactured specialty gourmet and entertainment food products to retail and food service customers in Australia and select export markets.

CopRice

The manufacture, distribution and sale of bulk stockfeed to primary producers and branded packaged stockfeed and companion animal feed products through retail and wholesale channels to customers across Australia and select export markets.

Corporate

The Corporate segment captures the income and cost of holding and financing assets (property, plant and equipment and brand) that it owns and are utilised by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands and access to milling, packing, storage and warehousing assets. It also captures income and costs that are not allocated to other business segments, such as legal fees and costs associated with the ASX listing. From time to time, the Corporate segment also receives dividends from some of the Group's subsidiaries. These transactions are eliminated in consolidation. AGS is aggregated into the Corporate segment.

Performance

The Corporate Management Team evaluates results based on contributed NPBT, which is defined as net profit before tax and intersegment eliminations. Sales between segments are eliminated on consolidation. The revenue from external customers, assets and liabilities are measured in a manner consistent with that of the financial statements. Revenue from external customers is entirely recognised at a point in time.

The following table sets forth the segment results for the period ended 31 October 2019:

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	145,711	235,189	51,123	64,522	70,144	9,131	575,820
Inter-segment revenue	(21,628)	(136)	(1,342)	-	(2,628)	(9,131)	(34,865)
Revenue from external customers	124,083	235,053	49,781	64,522	67,516	-	540,955
Other revenue							2,001
Total revenue from continuing operations							542,956
Contributed NPBT	(2,762)	(5,660)	1,993	3,701	901	15,623	13,796
Intersegment eliminations							1,849
Profit before income tax							15,645

The following table sets forth the segment results for the period ended 31 October 2018:

	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	214,383	208,800	52,961	59,139	79,630	22,017	636,930
Inter-segment revenue	(31,869)	(101)	(317)	-	(1,750)	(21,975)	(56,012)
Revenue from external customers	182,514	208,699	52,644	59,139	77,880	42	580,918
Other revenue							1,947
Total revenue from continuing operations							582,865
Contributed NPBT	-	(6,032)	3,712	3,538	5,963	15,362	22,543
Intersegment eliminations							(1,152)
Profit before income tax							21,391

11. Contingent liabilities

The estimated amount of contingent liabilities not provided for in the interim financial report of Ricegrowers Limited and its controlled entities are:

	31 October 2019 $000's	30 April 2019 $000's
Letters of credit	419	13,879
Guarantee of bank advances	2,023	1,839
	2,442	15,718

From time to time, the Group is involved in disputes and litigations with third parties. At 31 October 2019, the Group does not expect any material adverse outcome from any open or pending cases.

12. Earnings per share

a. Basic and Diluted earnings per share

	31 October 2019 Cents	31 October 2018 Cents
Basic and diluted earnings per share	25.3	23.3

b. Reconciliation of earnings per share

	31 October 2019 $000's	31 October 2018 $000's
Profit for the half year	14,838	13,356

c. Weighted average number of B Class shares used as a denominator

	31 October 2019 000's	31 October 2018 000's
Weighted average number of B Class shares - for basic and diluted earnings per share	58,710	57,368

13. Net tangible assets per share

	31 October 2019	31 October 2018
Net tangible asset backing per B Class share	$ 7.50	$ 7.29

14. Events occurring after the balance sheet date

On 26 November 2019, the Group announced that, to cater for the anticipated small size of the 2020 rice crop due to very low water availability and high water prices, additional changes will be required at SunRice's Riverina milling, packing and warehousing operations over the coming six months. The proposed operational changes and shift restructuring at the Deniliquin and Leeton Mills and at several Australian Grain Storage locations will be undertaken to match the production requirements created by a second consecutive small crop. The Group's focus is to work closely with the impacted people to explore all available options to minimise the number of job losses. These options will include re-locating staff, job sharing and temporary extended leave and the Group expects this process will result in the loss of around 100 positions.

On 18 December 2019, the Group announced a proposal to conduct a buyback of B Class shares. The buyback is being undertaken as part of the Group's commitment to efficiently manage its capital while maintaining balance sheet flexibility to pursue future growth and investment opportunities. The Group believes that the current B Class share price does not reflect the value of the SunRice business and its future growth prospects. The buyback may also provide additional liquidity which could facilitate the increase of B Class share value over time. The timing and number of B Class shares purchased under the on-market buyback will be contingent on the prevailing B Class share price and market conditions. The buyback will be funded through a combination of cash and existing, undrawn debt facilities.

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

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:

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

  ii. giving a true and fair view of the consolidated entity's financial position as at 31 October 2019 and of its performance for the half year ended on that date; and

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

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

For and on behalf of the Board.

L Arthur
Chairman

R Gordon
Director

18 December 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

Independent auditor's review report to the members of Ricegrowers Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Ricegrowers Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 October 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 October 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ricegrowers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ricegrowers Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 October 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
18 December 2019